

AMENDED IN ASSEMBLY AUGUST 18, 2003

AMENDED IN ASSEMBLY JUNE 30, 2003

AMENDED IN SENATE APRIL 21, 2003

AMENDED IN SENATE APRIL 7, 2003

SENATE BILL

No. 1062

**Introduced by Committee on Revenue and Taxation (Senators
Cedillo (Chair), Alpert, Bowen, and Burton)**

February 27, 2003

An act to amend Sections 51203 and 51283 of the Government Code, and to amend Sections 69.4, ~~69.5~~, 75.11, 75.31, 155, 194, 213.7, 214, 214.01, 214.8, 218, 231, 254.5, 259.5, 259.7, 272, 423, 439.2, 532, 534, 1609.5, 1841, 6066.3, 6066.4, and 11006 of, to add Sections 74.7 and 254.6 to, and to repeal Sections 75.30, 401.9, 5098, and 5098.5 of, the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

SB 1062, as amended, Committee on Revenue and Taxation. Taxation.

(1) The California Constitution generally limits ad valorem taxes on real property to 1% of the full cash value of that property. For purposes of this limitation, "full cash value" is defined as the assessor's valuation of real property as shown on the 1975-76 tax bill under "full cash value" or, thereafter, the appraised value of that real property when purchased, newly constructed, or a change in ownership has occurred.

Existing property tax law permits a taxpayer to transfer the base year value, as provided, of qualified contaminated property, as defined in the California Constitution, to a newly constructed property or a

replacement property if certain conditions are met. In the case of a newly constructed replacement structure, these conditions include that the replacement structure must be similar in size, utility, and function to the original structure on the qualified contaminated real property.

This bill would recast and reorganize these provisions, and would, for purposes of these provisions, define the terms “similar in function” and “similar in size and utility.” This bill would also require a taxpayer that seeks to transfer a base year value pursuant to these provisions to notify the county assessor, as prescribed.

~~(2) Existing property tax law permits persons over 55 years of age and persons who are severely and permanently disabled, as specified, to transfer, under certain conditions, the property tax base year value of their home to a replacement home. Existing law requires a taxpayer to file a claim for such a transfer of a property tax base year value within 3 years of acquiring the replacement dwelling.~~

~~This bill would authorize a taxpayer that qualifies for a transfer of a property tax base year value, but who fails to file a timely claim for such a transfer, to file a late claim. This bill would preclude any cancellation of taxes or refunds of taxes for those years during which a taxpayer had qualified for a transfer of a property tax base year value, but had failed to file a timely claim, as provided. By requiring local tax officials to process additional transfer applications, this bill would impose a state-mandated local program.~~

~~(3) Existing property tax law provides for supplemental and escape assessments to be made on property outside the regular assessment period and requires that certain notices, in a form prescribed by the State Board of Equalization, of those assessments be given to assessees.~~

~~This bill would require that the form of these notices be approved, rather than prescribed, by the State Board of Equalization.~~

~~(4)–~~

~~(3) Existing law requires a county assessor who determines that a change in ownership or the completion of new construction has occurred to place a notice of a pending supplemental billing on the roll being prepared and to notify the county auditor, who is required to place a notation on the current roll, or on a separate document accompanying the current roll, that a supplemental billing may be forthcoming.~~

~~This bill would repeal this requirement.~~

~~(5)–~~

~~(4) Existing law requires a party that subpoenas an employee of the State Board of Equalization to pay the board \$200 for each day the~~



employee is required to attend the proceedings to which the subpoena pertains to offset the travel expenses, salary, and other compensation of the employee during the time he or she is subject to the subpoena.

This bill would make technical, nonsubstantive changes to this provision.

~~(6)–~~

(5) Existing law authorizes a taxpayer in an eligible county, as defined, to defer the payment of property taxes on real property that has sustained “substantial disaster damage,” which term is generally defined as real property and any manufactured home that has received or is eligible for the homeowners’ exemption, as provided, and that has sustained damage amounting to at least 10% of its fair market value or \$5,000, whichever is less.

This bill would change that \$5,000 limit to \$10,000.

~~(7)–~~

(6) Existing property tax law provides, pursuant to a specified provision of the California Constitution, for a homeowners’ property tax exemption in the amount of \$7,000 of the full value of a “dwelling,” as defined.

This bill would correct an erroneous cross-reference in this provision.

~~(8)–~~

(7) Existing law requires that the assessed value of property that is enforceably restricted, as specified, be determined by using a specified capitalization of income method of valuation, and also requires, as a component of this method of valuation, the State Board of Equalization to announce, by September 1 of each assessment year, the interest rates of specified federal security instruments, as provided. Existing law also requires, before a contract that enforceably restricts specified agricultural property is cancelled, the county assessor to determine the fair market value of that property as if it was not enforceably restricted and to notify the applicable county board of supervisors and city council of this value.

This bill would require the board to announce these interest rates by October 1 of each assessment year. This bill would also require the county assessor to additionally notify an assessee of enforceably restricted agricultural property, who intends to cancel that contract, of the fair market value of that property if it was not enforceably restricted and of that assessee’s appeal rights, as provided. *By imposing an*

additional notice requirement on county assessors, this bill would impose a state-mandated local program.

~~(9)~~

(8) Existing law authorizes a refund, with interest, of property taxes paid on the unsecured roll for the 1978–79 fiscal year if a California appellate court makes a specified determination.

This bill would repeal that authorization.

~~(10)~~

(9) Existing property tax law, in accordance with the California Constitution, provides an exemption, known as the “welfare exemption,” for property used exclusively for religious, hospital, or charitable purposes if certain conditions are met. Existing law requires an organization that seeks the welfare exemption to submit to the county assessor, among other items, an affidavit and a letter or ruling from the Franchise Tax Board or the Internal Revenue Service regarding the tax-exempt status of the organization under state or federal income tax laws.

This bill would revise the procedure by which an organization applies for the welfare exemption by requiring the organization to submit a valid organizational certificate from the State Board of Equalization, instead of a letter or ruling from the Franchise Tax Board or the Internal Revenue Service. This bill would establish a procedure by which organizations can apply for these certificates and establish guidelines for the board to issue these certificates. This bill would make conforming changes to provisions of existing law to implement these procedures.

(10) *The Sales and Use Tax Law requires each person who desires to engage in business as a seller in this state to file an application for a permit with the State Board of Equalization. Existing law, until January 1, 2004, authorizes cities and counties to collect information from persons seeking to engage in the business of selling tangible personal property and to transmit that information to the board, as provided. Existing law, until January 1, 2004, also authorizes cities and counties to require each person desiring to engage in business in that jurisdiction for the purposes of selling tangible personal property to provide his or her seller’s permit account number, if any.*

This bill would repeal the provisions eliminating these authorizations as of January 1, 2004, to instead extend these authorizations indefinitely.



(11) The Vehicle License Fee (VLF) Law establishes, in lieu of any ad valorem property tax upon vehicles, an annual license fee for any vehicle subject to registration in this state in the amount of 2% of the market value of that vehicle, as specified. Existing law requires the Controller, in consultation with the Department of Motor Vehicles and the Department of Finance, to make certain calculations regarding the vehicle license fees paid by commercial vehicle operators and to transfer moneys based upon these calculations in a specified order for specified purposes.

This bill would clarify that the Controller is required to make these transfers from the General Fund.

(12) This bill would also make various other technical changes to property tax law to correct various cross-references, to conform various provisions to related existing law, and to repeal obsolete provisions.

~~(13) Section 2229 of the Revenue and Taxation Code requires the Legislature to reimburse local agencies annually for certain property tax revenues lost as a result of any exemption or classification of property for purposes of ad valorem property taxation.~~

~~This bill would provide that, notwithstanding Section 2229 of the Revenue and Taxation Code, no appropriation is made and the state shall not reimburse local agencies for property tax revenues lost by them pursuant to the bill.~~

~~(14)–~~

(13) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement, including the creation of a State Mandates Claims Fund to pay the costs of mandates that do not exceed \$1,000,000 statewide and other procedures for claims whose statewide costs exceed \$1,000,000.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.



The people of the State of California do enact as follows:

SECTION 1. Section 51203 of the Government Code is amended to read:

51203. The current fair market valuations referred to in Section 51283, upon the request of either of the parties to the contract, shall be subject to appeal to the county board pursuant to Section 1605 of the Revenue and Taxation Code.

SEC. 2. Section 51283 of the Government Code is amended to read:

51283. (a) Prior to any action by the board or council giving tentative approval to the cancellation of any contract, the county assessor of the county in which the land is located shall determine the current fair market value of the land as though it were free of the contractual restriction. The assessor shall certify to the board or council the cancellation valuation of the land for the purpose of determining the cancellation fee. At the same time, the assessor shall send a notice to the assessee indicating the current fair market value of the land as though it were free of the contractual restriction. The notice shall advise the assessee of the right to appeal the fair market value of the land under Section 1605 of the Revenue and Taxation Code and that the appeal shall be filed within 60 days of the date of mailing printed on the notice or the postmark date therefor, whichever is later.

(b) Prior to giving tentative approval to the cancellation of any contract, the board or council shall determine and certify to the county auditor the amount of the cancellation fee that the landowner shall pay the county treasurer upon cancellation. That fee shall be an amount equal to 12¹/₂ percent of the cancellation valuation of the property.

(c) If it finds that it is in the public interest to do so, the board or council may waive any payment or any portion of a payment by the landowner, or may extend the time for making the payment or a portion of the payment contingent upon the future use made of the land and its economic return to the landowner for a period of time not to exceed the unexpired period of the contract, had it not been canceled, if all of the following occur:

(1) The cancellation is caused by an involuntary transfer or change in the use which may be made of the land and the land is

1 not immediately suitable, nor will be immediately used, for a
2 purpose which produces a greater economic return to the owner.

3 (2) The board or council has determined that it is in the best
4 interests of the program to conserve agricultural land use that the
5 payment be either deferred or is not required.

6 (3) The waiver or extension of time is approved by the
7 Secretary of the Resources Agency. The secretary shall approve a
8 waiver or extension of time if the secretary finds that the granting
9 of the waiver or extension of time by the board or council is
10 consistent with the policies of this chapter and that the board or
11 council complied with this article. In evaluating a request for a
12 waiver or extension of time, the secretary shall review the findings
13 of the board or council, the evidence in the record of the board or
14 council, and any other evidence the secretary may receive
15 concerning the cancellation, waiver, or extension of time.

16 (d) The first nine hundred eighty-five thousand dollars
17 (\$985,000) of revenue paid to the Controller pursuant to
18 subdivision (e) in the 1992–93 fiscal year, and any other amount
19 as approved in the final Budget Act for each fiscal year thereafter,
20 shall be deposited in the Soil Conservation Fund, which is
21 continued in existence. The money in the fund is available, when
22 appropriated by the Legislature, for the support of both of the
23 following:

24 (1) The total cost of the farmlands mapping and monitoring
25 program of the Department of Conservation pursuant to Section
26 65570.

27 (2) The soil conservation program identified in Section 614 of
28 the Public Resources Code.

29 (e) When cancellation fees required by this section are
30 collected, they shall be transmitted by the county treasurer to the
31 Controller and deposited in the General Fund, except as provided
32 in subdivision (d). The funds collected by the county treasurer with
33 respect to each cancellation of a contract shall be transmitted to the
34 Controller within 30 days of the execution of a certificate of
35 cancellation of contract by the board or council, as specified in
36 subdivision (b) of Section 51283.4.

37 (f) It is the intent of the Legislature that fees paid to cancel a
38 contract do not constitute taxes but are payments that, when made,
39 provide a private benefit that tends to increase the value of the
40 property.

SEC. 3. Section 69.4 of the Revenue and Taxation Code is amended to read:

69.4. (a) Notwithstanding any other provision of law, pursuant to the authority of subdivision (i) of Section 2 of Article XIII A of the California Constitution, the base year value of qualified contaminated property may be transferred to a replacement property that is acquired or newly constructed as a replacement for the contaminated property, pursuant to subparagraph (A) of paragraph (1) of that subdivision.

(b) The base year value of the original property shall be the base year value of the original property as determined in accordance with Section 110.1, with the inflation factor adjustments permitted by subdivision (f) of Section 110.1. The base year value of the original property shall also include any inflation factor adjustments permitted by subdivision (f) of Section 110.1 up to the date the replacement property is acquired or newly constructed, regardless of whether the claimant continued to own the original property during this entire period. The base year or years used to compute the base year value of the original property shall be deemed to be the base year or years of any property to which that base year value is transferred pursuant to this section.

~~SEC. 4. Section 69.5 of the Revenue and Taxation Code is amended to read:~~

~~69.5. (a) (1) Notwithstanding any other provision of law, pursuant to subdivision (a) of Section 2 of Article XIII A of the California Constitution, any person over the age of 55 years, or any severely and permanently disabled person, who resides in property that is eligible for the homeowner's exemption under subdivision (k) of Section 3 of Article XIII of the California Constitution and Section 218 may transfer, subject to the conditions and limitations provided in this section, the base year value of that property to any replacement dwelling of equal or lesser value that is located within the same county and is purchased or newly constructed by that person as his or her principal residence within two years of the sale by that person of the original property, provided that the base year value of the original property shall not be transferred to the replacement dwelling until the original property is sold.~~

~~(2) Notwithstanding the limitation in paragraph (1) requiring that the original property and the replacement dwelling be located in the same county, this limitation shall not apply in any county in~~

1 ~~which the county board of supervisors, after consultation with~~
2 ~~local affected agencies within the boundaries of the county, adopts~~
3 ~~an ordinance making the provisions of paragraph (1) also~~
4 ~~applicable to situations in which replacement dwellings are~~
5 ~~located in that county and the original properties are located in~~
6 ~~another county within this state. The authorization contained in~~
7 ~~this paragraph shall be applicable in a county only if the ordinance~~
8 ~~adopted by the board of supervisors complies with all of the~~
9 ~~following requirements:~~

10 ~~(A) It is adopted only after consultation between the board of~~
11 ~~supervisors and all other local affected agencies within the~~
12 ~~county's boundaries.~~

13 ~~(B) It requires that all claims for transfers of base year value~~
14 ~~from original property located in another county be granted if the~~
15 ~~claims meet the applicable requirements of both subdivision (a) of~~
16 ~~Section 2 of Article XIII A of the California Constitution and this~~
17 ~~section.~~

18 ~~(C) It requires that all base year valuations of original property~~
19 ~~located in another county and determined by its assessor be~~
20 ~~accepted in connection with the granting of claims for transfers of~~
21 ~~base year value.~~

22 ~~(D) It provides that its provisions are operative for a period of~~
23 ~~not less than five years.~~

24 ~~(E) The ordinance specifies the date on and after which its~~
25 ~~provisions shall be applicable. However, the date specified shall~~
26 ~~not be earlier than November 9, 1988. The specified applicable~~
27 ~~date may be a date earlier than the date the county adopts the~~
28 ~~ordinance.~~

29 ~~(b) In addition to meeting the requirements of subdivision (a),~~
30 ~~any person claiming the property tax relief provided by this section~~
31 ~~shall be eligible for that relief only if the following conditions are~~
32 ~~met:~~

33 ~~(1) The claimant is an owner and a resident of the original~~
34 ~~property either at the time of its sale, or at the time when the~~
35 ~~original property was substantially damaged or destroyed by~~
36 ~~misfortune or calamity, or within two years of the purchase or new~~
37 ~~construction of the replacement dwelling.~~

38 ~~(2) The original property is eligible for the homeowner's~~
39 ~~exemption, as the result of the claimant's ownership and~~
40 ~~occupation of the property as his or her principal residence, either~~

1 at the time of its sale, or at the time when the original property was
2 substantially damaged or destroyed by misfortune or calamity, or
3 within two years of the purchase or new construction of the
4 replacement dwelling.

5 (3) At the time of the sale of the original property, the claimant
6 or the claimant's spouse who resides with the claimant is at least
7 55 years of age, or is severely and permanently disabled.

8 (4) At the time of claiming the property tax relief provided by
9 subdivision (a), the claimant is an owner of a replacement dwelling
10 and occupies it as his or her principal place of residence and, as a
11 result thereof, the property is currently eligible for the
12 homeowner's exemption or would be eligible for the exemption
13 except that the property is already receiving the exemption
14 because of an exemption claim filed by the previous owner.

15 (5) The original property of the claimant is sold by him or her
16 within two years of the purchase or new construction of the
17 replacement dwelling. For purposes of this paragraph, the
18 purchase or new construction of the replacement dwelling
19 includes the purchase of that portion of land on which the
20 replacement building, structure, or other shelter constituting a
21 place of abode of the claimant will be situated and that, pursuant
22 to paragraph (3) of subdivision (g), constitutes a part of the
23 replacement dwelling.

24 (6) The replacement dwelling, including that portion of land on
25 which it is situated that is specified in paragraph (5), is located
26 entirely within the same county as the claimant's original property.

27 (7) The claimant has not previously been granted, as a
28 claimant, the property tax relief provided by this section, except
29 that this paragraph shall not apply to any person who becomes
30 severely and permanently disabled subsequent to being granted, as
31 a claimant, the property tax relief provided by this section for any
32 person over the age of 55 years. In order to prevent duplication of
33 claims under this section within this state, county assessors shall
34 report quarterly to the State Board of Equalization that
35 information from claims filed in accordance with subdivision (f)
36 and from county records as is specified by the board necessary to
37 identify fully all claims under this section allowed by assessors and
38 all claimants who have thereby received relief. The board may
39 specify that the information include all or a part of the names and
40 social security numbers of claimants and their spouses and the

~~identity and location of the replacement dwelling to which the claim applies. The information may be required in the form of data processing media or other media and in a format that is compatible with the recordkeeping processes of the counties and the auditing procedures of the state.~~

~~(c) The property tax relief provided by this section shall be available if the original property or the replacement dwelling, or both, of the claimant, includes, but is not limited to, either of the following:~~

~~(1) A unit or lot within a cooperative housing corporation, a community apartment project, a condominium project, or a planned unit development. If the unit or lot constitutes the original property of the claimant, the assessor shall transfer to the claimant's replacement dwelling only the base year value of the claimant's unit or lot and his or her share in any common area reserved as an appurtenance of that unit or lot. If the unit or lot constitutes the replacement dwelling of the claimant, the assessor shall transfer the base year value of the claimant's original property only to the unit or lot of the claimant and any share of the claimant in any common area reserved as an appurtenance of that unit or lot.~~

~~(2) A manufactured home or a manufactured home and any land owned by the claimant on which the manufactured home is situated. For purposes of this paragraph, "land owned by the claimant" includes a pro rata interest in a resident-owned mobilehome park that is assessed pursuant to subdivision (b) of Section 62.1.~~

~~(A) If the manufactured home or the manufactured home and the land on which it is situated constitutes the claimant's original property, the assessor shall transfer to the claimant's replacement dwelling either the base year value of the manufactured home or the base year value of the manufactured home and the land on which it is situated, as appropriate. If the manufactured home dwelling that constitutes the original property of the claimant includes an interest in a resident-owned mobilehome park, the assessor shall transfer to the claimant's replacement dwelling the base year value of the claimant's manufactured home and his or her pro rata portion of the real property of the park. No transfer of base year value shall be made by the assessor of that portion of land that~~

1 does not constitute a part of the original property, as provided in
2 paragraph (4) of subdivision (g).

3 ~~(B) If the manufactured home or the manufactured home and~~
4 ~~the land on which it is situated constitutes the claimant's~~
5 ~~replacement dwelling, the assessor shall transfer the base year~~
6 ~~value of the claimant's original property either to the~~
7 ~~manufactured home or the manufactured home and the land on~~
8 ~~which it is situated, as appropriate. If the manufactured home~~
9 ~~dwelling that constitutes the replacement dwelling of the claimant~~
10 ~~includes an interest in a resident-owned mobilehome park, the~~
11 ~~assessor shall transfer the base year value of the claimant's original~~
12 ~~property to the manufactured home of the claimant and his or her~~
13 ~~pro rata portion of the park. No transfer of base year value shall be~~
14 ~~made by the assessor to that portion of land that does not constitute~~
15 ~~a part of the replacement dwelling, as provided in paragraph (3) of~~
16 ~~subdivision (g).~~

17 This subdivision shall be subject to the limitations specified in
18 subdivision (d).

19 ~~(d) The property tax relief provided by this section shall be~~
20 ~~available to a claimant who is the coowner of original property, as~~
21 ~~a joint tenant, a tenant in common, or a community property~~
22 ~~owner, subject to the following limitations:~~

23 ~~(1) If a single replacement dwelling is purchased or newly~~
24 ~~constructed by all of the coowners and each coowner retains an~~
25 ~~interest in the replacement dwelling, the claimant shall be eligible~~
26 ~~under this section whether or not any or all of the remaining~~
27 ~~coowners would otherwise be eligible claimants.~~

28 ~~(2) If two or more replacement dwellings are separately~~
29 ~~purchased or newly constructed by two or more coowners and~~
30 ~~more than one coowner would otherwise be an eligible claimant,~~
31 ~~only one coowner shall be eligible under this section. These~~
32 ~~coowners shall determine by mutual agreement which one of them~~
33 ~~shall be deemed eligible.~~

34 ~~(3) If two or more replacement dwellings are separately~~
35 ~~purchased or newly constructed by two coowners who held the~~
36 ~~original property as community property, only the coowner who~~
37 ~~has attained the age of 55 years, or is severely and permanently~~
38 ~~disabled, shall be eligible under this section. If both spouses are~~
39 ~~over 55 years of age, they shall determine by mutual agreement~~
40 ~~which one of them is eligible.~~

~~In the case of coowners whose original property is a multiunit dwelling, the limitations imposed by paragraphs (2) and (3) shall only apply to coowners who occupied the same dwelling unit within the original property at the time specified in paragraph (2) of subdivision (b).~~

~~(e) Upon the sale of original property, the assessor shall determine a new base year value for that property in accordance with subdivision (a) of Section 2 of Article XIII A of the California Constitution and Section 110.1, whether or not a replacement dwelling is subsequently purchased or newly constructed by the former owner or owners of the original property.~~

~~This section shall not apply unless the transfer of the original property is a change in ownership that either (1) subjects that property to reappraisal at its current fair market value in accordance with Section 110.1 or 5803 or (2) results in a base year value determined in accordance with this section, Section 69, or Section 69.3 because the property qualifies under this section, Section 69, or Section 69.3 as a replacement dwelling or property.~~

~~(f) A claimant shall not be eligible for the property tax relief provided by this section unless the claimant provides to the assessor, on a form that the assessor shall make available upon request, the following information:~~

~~(1) The name and social security number of each claimant and of any spouse of the claimant who was a record owner of the original property at the time of its sale or is a record owner of the replacement dwelling.~~

~~(2) Proof that the claimant or the claimant's spouse who resided on the original property with the claimant was, at the time of its sale, at least 55 years of age, or severely and permanently disabled. Proof of severe and permanent disability shall be considered a certification, signed by a licensed physician and surgeon of appropriate specialty, attesting to the claimant's severely and permanently disabled condition. In the absence of available proof that a person is over 55 years of age, the claimant shall certify under penalty of perjury that the age requirement is met. In the case of a severely and permanently disabled claimant either of the following shall be submitted:~~

~~(A) A certification, signed by a licensed physician or surgeon of appropriate specialty that identifies specific reasons why the~~

1 disability necessitates a move to the replacement dwelling and the
2 disability-related requirements, including any locational
3 requirements, of a replacement dwelling. The claimant shall
4 substantiate that the replacement dwelling meets disability-related
5 requirements so identified and that the primary reason for the
6 move to the replacement dwelling is to satisfy those requirements.
7 If the claimant, or the claimant's spouse or guardian, so declares
8 under penalty of perjury, it shall be rebuttably presumed that the
9 primary purpose of the move to the replacement dwelling is to
10 satisfy identified disability-related requirements.

11 (B) The claimant's substantiation that the primary purpose of
12 the move to the replacement dwelling is to alleviate financial
13 burdens caused by the disability. If the claimant, or the claimant's
14 spouse or guardian, so declares under penalty of perjury, it shall be
15 rebuttably presumed that the primary purpose of the move is to
16 alleviate the financial burdens caused by the disability.

17 (3) The address and, if known, the assessor's parcel number of
18 the original property.

19 (4) The date of the claimant's sale of the original property and
20 the date of the claimant's purchase or new construction of a
21 replacement dwelling.

22 (5) A statement by the claimant that he or she occupied the
23 replacement dwelling as his or her principal place of residence on
24 the date of the filing of his or her claim.

25 The State Board of Equalization shall design the form for
26 claiming eligibility.

27 Any claim under this section shall be filed within three years of
28 the date the replacement dwelling was purchased or the new
29 construction of the replacement dwelling was completed, subject
30 to subdivision (k), (m), or (n).

31 (g) For purposes of this section:

32 (1) "Person over the age of 55 years" means any person or the
33 spouse of any person who has attained the age of 55 years or older
34 at the time of the sale of original property.

35 (2) "Base year value of the original property" means its base
36 year value, as determined in accordance with Section 110.1, with
37 the adjustments permitted by subdivision (b) of Section 2 of
38 Article XIII A of the California Constitution and subdivision (f)
39 of Section 110.1, determined as of the date immediately prior to
40 the date that the original property is sold by the claimant, or in the

1 ~~case where the original property has been substantially damaged~~
2 ~~or destroyed by misfortune or calamity and the owner does not~~
3 ~~rebuild on the original property, determined as of the date~~
4 ~~immediately prior to the misfortune or calamity.~~

5 ~~If the replacement dwelling is purchased or newly constructed~~
6 ~~after the transfer of the original property, “base year value of the~~
7 ~~original property” also includes any inflation factor adjustments~~
8 ~~permitted by subdivision (f) of Section 110.1 for the period~~
9 ~~subsequent to the sale of the original property. The base year or~~
10 ~~years used to compute the “base year value of the original~~
11 ~~property” shall be deemed to be the base year or years of any~~
12 ~~property to which that base year value is transferred pursuant to~~
13 ~~this section.~~

14 ~~(3) “Replacement dwelling” means a building, structure, or~~
15 ~~other shelter constituting a place of abode, whether real property~~
16 ~~or personal property, that is owned and occupied by a claimant as~~
17 ~~his or her principal place of residence, and any land owned by the~~
18 ~~claimant on which the building, structure, or other shelter is~~
19 ~~situated. For purposes of this paragraph, land constituting a part of~~
20 ~~a replacement dwelling includes only that area of reasonable size~~
21 ~~that is used as a site for a residence, and “land owned by the~~
22 ~~claimant” includes land for which the claimant either holds a~~
23 ~~leasehold interest described in subdivision (c) of Section 61 or a~~
24 ~~land purchase contract. Each unit of a multiunit dwelling shall be~~
25 ~~considered a separate replacement dwelling. For purposes of this~~
26 ~~paragraph, “area of reasonable size that is used as a site for a~~
27 ~~residence” includes all land if any nonresidential uses of the~~
28 ~~property are only incidental to the use of the property as a~~
29 ~~residential site. For purposes of this paragraph, “land owned by~~
30 ~~the claimant” includes an ownership interest in a resident-owned~~
31 ~~mobilehome park that is assessed pursuant to subdivision (b) of~~
32 ~~Section 62.1.~~

33 ~~(4) “Original property” means a building, structure, or other~~
34 ~~shelter constituting a place of abode, whether real property or~~
35 ~~personal property, that is owned and occupied by a claimant as his~~
36 ~~or her principal place of residence, and any land owned by the~~
37 ~~claimant on which the building, structure, or other shelter is~~
38 ~~situated. For purposes of this paragraph, land constituting a part of~~
39 ~~original property includes only that area of reasonable size that is~~
40 ~~used as a site for a residence, and “land owned by the claimant”~~

1 includes land for which the claimant either holds a leasehold
2 interest described in subdivision (c) of Section 61 or a land
3 purchase contract. Each unit of a multiunit dwelling shall be
4 considered a separate original property. For purposes of this
5 paragraph, “area of reasonable size that is used as a site for a
6 residence” includes all land if any nonresidential uses of the
7 property are only incidental to the use of the property as a
8 residential site. For purposes of this paragraph, “land owned by
9 the claimant” includes an ownership interest in a resident-owned
10 mobilehome park that is assessed pursuant to subdivision (b) of
11 Section 62.1.

12 (5) “Equal or lesser value” means that the amount of the full
13 cash value of a replacement dwelling does not exceed one of the
14 following:

15 (A) One hundred percent of the amount of the full cash value
16 of the original property if the replacement dwelling is purchased
17 or newly constructed prior to the date of the sale of the original
18 property.

19 (B) One hundred and five percent of the amount of the full cash
20 value of the original property if the replacement dwelling is
21 purchased or newly constructed within the first year following the
22 date of the sale of the original property.

23 (C) One hundred and ten percent of the amount of the full cash
24 value of the original property if the replacement dwelling is
25 purchased or newly constructed within the second year following
26 the date of the sale of the original property.

27 For the purposes of this paragraph, except as otherwise provided
28 in paragraph (4) of subdivision (h), if the replacement dwelling is,
29 in part, purchased and, in part, newly constructed, the date the
30 “replacement dwelling is purchased or newly constructed” is the
31 date of purchase or the date of completion of construction,
32 whichever is later.

33 (6) “Full cash value of the replacement dwelling” means its
34 full cash value, determined in accordance with Section 110.1, as
35 of the date on which it was purchased or new construction was
36 completed, and after the purchase or the completion of new
37 construction.

38 (7) “Full cash value of the original property” means, either:

39 (A) Its new base year value, determined in accordance with
40 subdivision (e), without the application of subdivision (h) of

1 ~~Section 2 of Article XIII A of the California Constitution, plus the~~
2 ~~adjustments permitted by subdivision (b) of Section 2 of Article~~
3 ~~XIII A and subdivision (f) of Section 110.1 for the period from the~~
4 ~~date of its sale by the claimant to the date on which the replacement~~
5 ~~property was purchased or new construction was completed.~~

6 ~~(B) In the case where the original property has been~~
7 ~~substantially damaged or destroyed by misfortune or calamity and~~
8 ~~the owner does not rebuild on the original property, its full cash~~
9 ~~value, as determined in accordance with Section 110, immediately~~
10 ~~prior to its substantial damage or destruction by misfortune or~~
11 ~~calamity, as determined by the county assessor of the county in~~
12 ~~which the property is located, without the application of~~
13 ~~subdivision (h) of Section 2 of Article XIII A of the California~~
14 ~~Constitution, plus the adjustments permitted by subdivision (b) of~~
15 ~~Section 2 of Article XIII A and subdivision (f) of Section 110.1,~~
16 ~~for the period from the date of its sale by the claimant to the date~~
17 ~~on which the replacement property was purchased or new~~
18 ~~construction was completed.~~

19 ~~(8) “Sale” means any change in ownership of the original~~
20 ~~property for consideration.~~

21 ~~(9) “Claimant” means any person claiming the property tax~~
22 ~~relief provided by this section. If a spouse of that person is a record~~
23 ~~owner of the replacement dwelling, the spouse is also a claimant~~
24 ~~for purposes of determining whether in any future claim filed by~~
25 ~~the spouse under this section the condition of eligibility specified~~
26 ~~in paragraph (7) of subdivision (b) has been met.~~

27 ~~(10) “Property that is eligible for the homeowner’s~~
28 ~~exemption” includes property that is the principal place of~~
29 ~~residence of its owner and is entitled to exemption pursuant to~~
30 ~~Section 205.5.~~

31 ~~(11) “Person” means any individual, but does not include any~~
32 ~~firm, partnership, association, corporation, company, or other~~
33 ~~legal entity or organization of any kind.~~

34 ~~(12) “Severely and permanently disabled” means any person~~
35 ~~described in subdivision (b) of Section 74.3.~~

36 ~~(13) For the purposes of this section, property is “substantially~~
37 ~~damaged or destroyed by misfortune or calamity” if it sustains~~
38 ~~physical damage amounting to more than 50 percent of its full cash~~
39 ~~value immediately prior to the misfortune or calamity. Damage~~
40 ~~includes a diminution in the value of property as a result of~~

~~restricted access to the property where the restricted access was caused by the misfortune or calamity and is permanent in nature.~~

~~(h) (1) Upon the timely filing of a claim, the assessor shall adjust the new base year value of the replacement dwelling in conformity with this section. This adjustment shall be made as of the latest of the following dates:~~

~~(A) The date the original property is sold.~~

~~(B) The date the replacement dwelling is purchased.~~

~~(C) The date the new construction of the replacement dwelling is completed.~~

~~(2) Any taxes that were levied on the replacement dwelling prior to the filing of the claim on the basis of the replacement dwelling's new base year value, and any allowable annual adjustments thereto, shall be canceled or refunded to the claimant to the extent that the taxes exceed the amount that would be due when determined on the basis of the adjusted new base year value.~~

~~(3) Notwithstanding Section 75.10, Chapter 3.5 (commencing with Section 75) shall be utilized for purposes of implementing this subdivision, including adjustments of the new base year value of replacement dwellings acquired prior to the sale of the original property.~~

~~(4) In the case where a claim under this section has been timely filed and granted, and new construction is performed upon the replacement dwelling subsequent to the transfer of base year value, the property tax relief provided by this section also shall apply to the replacement dwelling, as improved, and thus there shall be no reassessment upon completion of the new construction if both of the following conditions are met:~~

~~(A) The new construction is completed within two years of the date of the sale of the original property and the owner notifies the assessor in writing of completion of the new construction within 30 days after completion.~~

~~(B) The fair market value of the new construction on the date of completion, plus the full cash value of the replacement dwelling on the date of acquisition, is not more than the full cash value of the original property as determined pursuant to paragraph (7) of subdivision (g) for purposes of granting the original claim.~~

~~(i) Any claimant may rescind a claim for the property tax relief provided by this section and shall not be considered to have received that relief for purposes of paragraph (7) of subdivision~~

~~(b), and the assessor shall grant the rescission, if a written notice of rescission is delivered to the office of the assessor as follows:~~

~~(1) A written notice of rescission signed by the original filing claimant or claimants is delivered to the office of the assessor in which the original claim was filed.~~

~~(2) (A) Except as otherwise provided in this paragraph, the notice of rescission is delivered to the office of the assessor before the date that the county first issues, as a result of relief granted under this section, a refund check for property taxes imposed upon the replacement dwelling. If granting relief will not result in a refund of property taxes, then the notice shall be delivered before payment is first made of any property taxes, or any portion thereof, imposed upon the replacement dwelling consistent with relief granted under this section. If payment of the taxes is not made, then notice shall be delivered before the first date that those property taxes, or any portion thereof, imposed upon the replacement dwelling, consistent with relief granted under this section, are delinquent.~~

~~(B) Notwithstanding any other provision in this division, any time the notice of rescission is delivered to the office of the assessor within six years after relief was granted, provided that the replacement property has been vacated as the claimant's principal place of residence within 90 days after the original claim was filed, regardless of whether the property continues to receive the homeowners' exemption. If the rescission increases the base year value of a property, or the homeowners' exemption has been incorrectly allowed, appropriate escape assessments or supplemental assessments, including interest as provided in Section 506, shall be imposed. The limitations periods for any escape assessments or supplemental assessments shall not commence until July 1 of the assessment year in which the notice of rescission is delivered to the office of the assessor.~~

~~(3) The notice is accompanied by the payment of a fee as the assessor may require, provided that the fee shall not exceed an amount reasonably related to the estimated cost of processing a rescission claim, including both direct costs and developmental and indirect costs, such as costs for overhead, personnel, supplies, materials, office space, and computers.~~

~~(j) (1) With respect to the transfer of base year value of original properties to replacement dwellings located in the same county,~~

1 this section, except as provided in paragraph (3) or (4), shall apply
2 to any replacement dwelling that is purchased or newly
3 constructed on or after November 6, 1986.

4 (2) With respect to the transfer of base year value of original
5 properties to replacement dwellings located in different counties,
6 except as provided in paragraph (4), this section shall apply to any
7 replacement dwelling that is purchased or newly constructed on or
8 after the date specified in accordance with subparagraph (E) of
9 paragraph (2) of subdivision (a) in the ordinance of the county in
10 which the replacement dwelling is located, but shall not apply to
11 any replacement dwelling which was purchased or newly
12 constructed before November 9, 1988.

13 (3) With respect to the transfer of base year value by a severely
14 and permanently disabled person, this section shall apply only to
15 replacement dwellings that are purchased or newly constructed on
16 or after June 6, 1990.

17 (4) The amendments made to subdivision (c) by the act adding
18 this paragraph shall apply only to replacement dwellings under
19 Section 69 that are acquired or newly constructed on or after
20 October 20, 1991, and shall apply commencing with the 1991-92
21 fiscal year.

22 (k) (1) In the case in which a county adopts an ordinance
23 pursuant to paragraph (2) of subdivision (a) that establishes an
24 applicable date which is more than three years prior to the date of
25 adoption of the ordinance, those potential claimants who
26 purchased or constructed replacement dwellings more than three
27 years prior to the date of adoption of the ordinance and who would,
28 therefore, be precluded from filing a timely claim, shall be deemed
29 to have timely filed a claim if the claim is filed within three years
30 after the date that the ordinance is adopted. This paragraph may not
31 be construed as a waiver of any other requirement of this section.

32 (2) In the case in which a county assessor corrects a base year
33 value to reflect a pro rata change in ownership of a resident-owned
34 mobilehome park that occurred between January 1, 1989, and
35 January 1, 2002, pursuant to paragraph (4) of subdivision (b) of
36 Section 62.1, those claimants who purchased or constructed
37 replacement dwellings more than three years prior to the
38 correction and who would, therefore, be precluded from filing a
39 timely claim, shall be deemed to have timely filed a claim if the
40 claim is filed within three years of the date of notice of the

1 correction of the base year value to reflect the pro rata change in
2 ownership. This paragraph may not be construed as a waiver of any
3 other requirement of this section.

4 (3) This subdivision does not apply to a claimant who has
5 transferred his or her replacement dwelling prior to filing a claim.

6 (4) The property tax relief provided by this section, but filed
7 under this subdivision, shall apply prospectively only,
8 commencing with the lien date of the assessment year in which the
9 claim is filed. There shall be no refund or cancellation of taxes
10 prior to the date that the claim is filed.

11 (l) No escape assessment may be levied if a transfer of base year
12 value under this section has been erroneously granted by the
13 assessor pursuant to an expired ordinance authorizing intercounty
14 transfers of base year value.

15 (m) (1) The amendments made to subdivisions (b) and (g) of
16 this section by Chapter 613 of the Statutes of 2001 shall apply:

17 (A) With respect to the transfer of base year value of original
18 properties to replacement dwellings located in the same county, to
19 any replacement dwelling that is purchased or newly constructed
20 on or after November 6, 1986.

21 (B) With respect to the transfer of base year value of original
22 properties to replacement dwellings located in different counties,
23 to any replacement dwelling that is purchased or newly
24 constructed on or after the date specified in accordance with
25 subparagraph (E) of paragraph (2) of subdivision (a) in the
26 ordinance of the county in which the replacement dwelling is
27 located, but not to any replacement dwelling that was purchased
28 or newly constructed before November 9, 1988.

29 (C) With respect to the transfer of base year value by a severely
30 and permanently disabled person, to replacement dwellings that
31 are purchased or newly constructed on or after June 6, 1990.

32 (2) The property tax relief provided by this section in
33 accordance with this subdivision shall apply prospectively only
34 commencing with the lien date of the assessment year in which the
35 claim is filed. There shall be no refund or cancellation of taxes
36 prior to the date that the claim is filed. Notwithstanding
37 subdivision (f), a claim shall be deemed to be timely filed if it is
38 filed within four years after the operative date of the act adding this
39 paragraph.

~~(n) With respect to property to which a transfer of base year value was available, but for which a timely claim was not filed, a transfer of base year value may be granted prospectively under this subdivision.~~

~~(1) For transfers of base year value that were not timely claimed, any property tax relief applies prospectively only, commencing with the lien date of the assessment year in which the claim is filed. There shall be no refund or cancellation of taxes that accrued prior to the date that the claim is filed.~~

~~(2) For any claim that was not timely filed prior to January 1, 2004, the claimant may refile a claim with the assessor.~~

~~SEC. 5.—~~

SEC. 4. Section 74.7 is added to the Revenue and Taxation Code, to read:

74.7. (a) For purposes of subparagraph (B) of paragraph (1) of subdivision (i) of Section 2 of Article XIII A of the California Constitution, “new construction” does not include the repair or replacement of a substantially damaged or destroyed structure on qualified contaminated real property where the remediation of the environmental problems required the destruction of, or resulted in substantial damage to, a structure located on that property. The repaired or replacement structure shall be similar in size, utility, and function to the original structure.

(b) For purposes of this section:

(1) “Substantially damaged or destroyed” means the structure sustains physical damage amounting to more than 50 percent of its full cash value immediately prior to the damage.

(2) “Similar in function” means the replacement structure is subject to similar governmental restrictions, including, but not limited to, zoning.

(3) “Similar in size and utility” means the size and utility of the structure are interrelated and associated with its value. A structure is similar in size and utility only to the extent that the replacement structure is, or is intended to be, used in the same manner as the substantially damaged or destroyed structure, and its full cash value does not exceed 120 percent of the full cash value of the replaced structure if that structure was not contaminated. For purposes of this paragraph:

(A) A replacement structure or any portion thereof used or intended to be used for a purpose substantially different than the

1 use made of the replaced structure, shall, to the extent of the
2 dissimilar use, be considered not similar in utility.

3 (B) A replacement structure or portion thereof that satisfies the
4 use requirement but has a full cash value that exceeds 120 percent
5 of the full cash value of the structure if that property were not
6 contaminated, will be considered, to the extent of the excess, not
7 similar in utility and size.

8 (4) To the extent that replacement property, or any portion
9 thereof, is not similar in function, size, and utility, the property, or
10 portion thereof, shall have a new base year value determined
11 pursuant to Section 110.1.

12 (c) Only the owner or owners of the property substantially
13 damaged or destroyed in the process of remediation of the
14 contamination, whether one or more individuals, partnerships,
15 corporations, other legal entities, or a combination thereof, shall
16 receive property tax relief under this section.

17 (d) In order to receive the exclusion provided for in this section,
18 the property owner shall notify the assessor in writing that he or
19 she intends to claim the exclusion prior to, or within 30 days of,
20 completion of any project covered by this section. All documents
21 necessary to support the exclusion shall be filed by the property
22 owner with the assessor not later than six months after the
23 completion of the property. A claimant shall not be eligible for the
24 exclusion provided by this section unless the claimant provides to
25 the assessor the following information:

26 (1) Proof that the claimant did not participate in, or acquiesce
27 to, any act or omission that rendered the real property
28 uninhabitable or unusable, as applicable, or is related to any
29 individual or entity that committed that act or omission.

30 (2) Proof that the qualified contaminated property has been
31 designated as a toxic or environmental hazard or as an
32 environmental cleanup site by an agency of the State of California
33 or the federal government.

34 (3) The address and, if known, the assessor's parcel number of
35 the qualified contaminated property.

36 (4) The date of the claimant's purchase and the date of
37 completion of new construction.

38 (e) This section applies to new construction completed on or
39 after January 1, 1995.

40 ~~SEC. 6.—~~

1 *SEC. 5.* Section 75.11 of the Revenue and Taxation Code is
2 amended to read:

3 75.11. (a) If the change in ownership occurs or the new
4 construction is completed on or after January 1 but on or before
5 May 31, then there shall be two supplemental assessments placed
6 on the supplemental roll. The first supplemental assessment shall
7 be the difference between the new base year value and the taxable
8 value on the current roll. In the case of a change in ownership of
9 the full interest in the real property, the second supplemental
10 assessment shall be the difference between the new base year value
11 and the taxable value to be enrolled on the roll being prepared. If
12 the change in ownership is of only a partial interest in the real
13 property, the second supplemental assessment shall be the
14 difference between the sum of the new base year value of the
15 portion transferred plus the taxable value on the roll being
16 prepared of the remainder of the property and the taxable value on
17 the roll being prepared of the whole property. For new
18 construction, the second supplemental assessment shall be the
19 value change due to the new construction.

20 (b) If the change in ownership occurs or the new construction
21 is completed on or after June 1 but before the succeeding January
22 1, then the supplemental assessment placed on the supplemental
23 roll shall be the difference between the new base year value and the
24 taxable value on the current roll.

25 (c) If there are multiple changes in ownership or multiple
26 completions of new construction, or both, with respect to the same
27 real property during the same assessment year, then there shall be
28 a net supplemental assessment placed on the supplemental roll, in
29 addition to the assessment pursuant to subdivision (a) or (b). The
30 net supplemental assessment shall be the most recent new base
31 year value less the sum of (1) the previous entry or entries placed
32 on the supplemental roll computed pursuant to subdivision (a) or
33 (b), and (2) the corresponding taxable value on the current roll or
34 the taxable value to be entered on the roll being prepared, or both,
35 depending on the date or dates the change of ownership occurs or
36 new construction is completed as specified in subdivisions (a) and
37 (b).

38 (d) No supplemental assessment authorized by this section
39 shall be valid, or have any force or effect, unless it is placed on the

supplemental roll on or before the applicable date specified in paragraph (1), (2), or (3), as follows:

(1) The fourth July 1 following the July 1 of the assessment year in which the event giving rise to the supplemental assessment occurred.

(2) The eighth July 1 following the July 1 of the assessment year in which the event giving rise to the supplemental assessment occurred, if the penalty provided for in Section 504 is added to the assessment.

(3) The eighth July 1 following the July 1 of the assessment year in which the event giving rise to the supplemental assessment occurred, if the change in ownership was unrecorded and a change in ownership statement required by Section 480 or preliminary change in ownership report, as required by Section 480.3, was not timely filed.

(4) Notwithstanding paragraphs (1), (2), and (3), there shall be no limitation period on making a supplemental assessment, if the penalty provided for in Section 503 is added to the assessment.

For the purposes of this subdivision, “assessment year” means the period beginning annually as of 12:01 a.m. on the first day of January and ending immediately prior to the succeeding first day of January.

(e) If, before the expiration of the applicable period specified in subdivision (d) for making a supplemental assessment, the taxpayer and the assessor agree in writing to extend the period for making a supplemental assessment, correction, or claim for refund, a supplemental assessment may be made at any time prior to the expiration of that extended period. The extended period may be further extended by successive written agreements entered into prior to the expiration of the most recent extension.

~~SEC. 7.—~~

SEC. 6. Section 75.30 of the Revenue and Taxation Code is repealed.

~~SEC. 8.—~~

SEC. 7. Section 75.31 of the Revenue and Taxation Code is amended to read:

75.31. (a) Whenever the assessor has determined a new base year value as provided in Section 75.10, the assessor shall send a notice to the assessee showing the following:

1 (1) The new base year value of the property that has changed
2 ownership, or the new base year value of the completed new
3 construction that shall be added to the existing taxable value of the
4 remainder of the property.

5 (2) The taxable value appearing on the current roll, and if the
6 change in ownership or completion of new construction occurred
7 between January 1 and May 31, the taxable value on the roll being
8 prepared.

9 (3) The date of the change in ownership or completion of new
10 construction.

11 (4) The amount of the supplemental assessments.

12 (5) The exempt amount, if any, on the current roll or the roll
13 being prepared.

14 (6) The date the notice was mailed.

15 (7) A statement that the supplemental assessment was
16 determined in accordance with Article XIII A of the California
17 Constitution that generally requires reappraisal of property
18 whenever a change in ownership occurs or property is newly
19 constructed.

20 (8) Any other information which the board may prescribe.

21 (b) In addition to the information specified in subdivision (a),
22 the notice shall inform the assessee of the procedure for filing a
23 claim for exemption that is to be filed within 30 days of the date
24 of the notice.

25 (c) (1) The notice shall advise the assessee of the right to an
26 informal review and the right to appeal the supplemental
27 assessment, and, unless subject to paragraph (2) or (3), that the
28 appeal shall be filed within 60 days of the date of mailing printed
29 on the notice or the postmark date therefor, whichever is later. For
30 the purposes of equalization proceedings, the supplemental
31 assessment shall be considered an assessment made outside of the
32 regular assessment period as provided in Section 1605.

33 (2) For counties in which the board of supervisors has adopted
34 the provisions of subdivision (c) of Section 1605, and the County
35 of Los Angeles, the notice shall advise the assessee of the right to
36 appeal the supplemental assessment, and that the appeal shall,
37 except as provided in paragraph (3), be filed within 60 days of the
38 date of mailing printed on the tax bill or the postmark date therefor,
39 whichever is later. For the purposes of equalization proceedings,
40 the supplemental assessment shall be considered an assessment

1 made outside of the regular assessment period as provided in
2 Section 1605.

3 (3) (A) If the taxpayer does not receive a notice in accordance
4 with paragraph (1) at least 15 days prior to the deadline to file the
5 application described in Section 1603, the affected party or his or
6 her agent may file an application within 60 days of the date of
7 mailing printed on the tax bill or the postmark thereof, whichever
8 is later, along with an affidavit declaring under penalty of perjury
9 that the notice was not timely received.

10 (B) Notwithstanding any other provision of this subdivision, an
11 application for reduction in a supplemental assessment may be
12 filed within 12 months following the month in which the assessee
13 is notified of that assessment, if the affected party or his or her
14 agent and the assessor stipulate that there is an error in assessment
15 as the result of the exercise of the assessor's judgment in
16 determining the full cash value of the property and a written
17 stipulation as to the full cash value and the assessed value is filed
18 in accordance with Section 1607.

19 (d) The notice shall advise the assessee of both of the
20 following:

21 (1) The requirements, procedures, and deadlines with respect
22 to an application for the reduction of a base year value pursuant to
23 Section 80, or the reduction of an assessment pursuant to Section
24 1603.

25 (2) The criteria under Section 51 for the determination of
26 taxable value, and the requirement of Section 1602 that the
27 custodial officer of the local roll make the roll, or a copy thereof,
28 available for inspection by all interested parties during regular
29 office hours.

30 (e) The notice shall advise the assessee that if the supplemental
31 assessment is a negative amount the auditor shall make a refund of
32 a portion of taxes paid on assessments made on the current roll, or
33 the roll being prepared, or both.

34 (f) The notice shall be furnished by the assessor to the assessee
35 by regular United States mail directed to the assessee at the
36 assessee's latest address known to the assessor.

37 (g) The notice given by the assessor under this section shall be
38 on a form approved by the State Board of Equalization.

39 ~~SEC. 9.—~~

1 *SEC. 8.* Section 155 of the Revenue and Taxation Code is
2 amended to read:

3 155. The time fixed in this division for the performance of any
4 act by the assessor or county board may be extended by the board
5 or its executive director for not more than 30 days, or, in case of
6 public calamity, 40 days. If an extension of time is granted, the
7 executive director of the board shall give written notice thereof to
8 the county auditor, county tax collector, and the officer or county
9 board to whom the extension is granted. The executive director
10 shall inform the board at its next regular meeting of any action with
11 respect to extensions taken by him or her. There shall be the same
12 extension of time for any act of the board dependent on the act for
13 which time was extended.

14 ~~SEC. 10.~~

15 *SEC. 9.* Section 194 of the Revenue and Taxation Code is
16 amended to read:

17 194. As used in this chapter:

18 (a) “Eligible county” means a county that meets both of the
19 following requirements:

20 (1) Has been proclaimed by the Governor to be in a state of
21 emergency.

22 (2) Has adopted an ordinance providing property tax relief for
23 disaster victims as provided in Section 170.

24 (b) “Eligible property” means real property and any
25 manufactured home, including any new construction that was
26 completed or any change in ownership that occurred prior to the
27 date of the disaster that meets both of the following requirements:

28 (1) Is located in an eligible county.

29 (2) Has sustained substantial disaster damage and the disaster
30 resulted in the issuance of a state of emergency proclamation by
31 the Governor.

32 “Eligible property” does not include any real property or any
33 manufactured home, whether or not it otherwise qualifies as
34 eligible property, if that real property or manufactured home was
35 purchased or otherwise acquired by a claimant for relief under this
36 chapter after the last date on which the disaster occurred.

37 (c) “Fair market value” means “full cash value” or “fair
38 market value” as defined in Section 110.

(d) “Next property tax installment payment date” means December 10 or April 10, whichever date occurs first after the last date on which the eligible property was damaged.

(e) “Property tax deferral claim” means a claim filed by the owner of eligible property in conjunction with, or in addition to, the filing of an application for reassessment of that property pursuant to Section 170, that enables the owner to defer payment of the next installment of taxes on property on the regular secured roll for the current fiscal year, as provided in Section 194.1 or to defer payment of taxes on property on the supplemental roll for the current fiscal year, as provided in Section 194.9.

(f) “Substantial disaster damage,” as to real property located in a county declared to be a disaster by the Governor, means, with respect to real property and any manufactured home that has received the homeowners’ exemption or is eligible for the exemption as of the most recent lien date, damage amounting to at least 10 percent of its fair market value or ten thousand dollars (\$10,000), whichever is less; and, with respect to other property, damage to the parcel of at least 20 percent of its fair market value immediately preceding the disaster causing the damage.

~~SEC. 11.~~

SEC. 10. Section 213.7 of the Revenue and Taxation Code is amended to read:

213.7. (a) As used in Section 214, “property used exclusively for religious, hospital, scientific or charitable purposes” shall include the property of a volunteer fire department that is used exclusively for volunteer fire department purposes, provided that the department qualifies for exemption either under Section 23701d or 23701f of this code or under Section 501(c)(3) or 501(c)(4) of the Internal Revenue Code. This section shall not be construed to enlarge the “welfare exemption” to apply to organizations qualified under Section 501(c)(3) or 501(c)(4) of the Internal Revenue Code, but not otherwise qualified for the “welfare exemption” under other provisions of this code.

(b) As used in this section, “volunteer fire department” means any fund, foundation or corporation regularly organized for volunteer fire department purposes, that qualified as an exempt organization on or before January 1, 1969, either under Section 23701d or 23701f of this code or under Section 501(c)(3) or 501(c)(4) of the Internal Revenue Code, having official

1 recognition and full or partial support of the government of the
2 county, city, or district in which the volunteer fire department is
3 located, and that has functions having an exclusive connection
4 with the prevention and extinguishing of fires within the area of
5 the county, city, or district extending official recognition for the
6 benefit of the public generally and to lessen the burdens of the
7 entity of government which would otherwise be obligated to
8 furnish such fire protection.

9 (c) For purposes of subdivision (a), an organization shall not be
10 deemed to be qualified as an exempt organization unless the
11 organization files with the assessor a valid organizational
12 clearance certificate issued pursuant to Section 254.6.

13 ~~SEC. 11.1.~~—

14 *SEC. 11.* Section 214 of the Revenue and Taxation Code is
15 amended to read:

16 214. (a) Property used exclusively for religious, hospital,
17 scientific, or charitable purposes owned and operated by
18 community chests, funds, foundations or corporations organized
19 and operated for religious, hospital, scientific, or charitable
20 purposes is exempt from taxation, including ad valorem taxes to
21 pay the interest and redemption charges on any indebtedness
22 approved by the voters prior to July 1, 1978, or any bonded
23 indebtedness for the acquisition or improvement of real property
24 approved on or after July 1, 1978, by two-thirds of the votes cast
25 by the voters voting on the proposition, if:

26 (1) The owner is not organized or operated for profit. However,
27 in the case of hospitals, the organization shall not be deemed to be
28 organized or operated for profit if, during the immediately
29 preceding fiscal year, operating revenues, exclusive of gifts,
30 endowments and grants-in-aid, did not exceed operating expenses
31 by an amount equivalent to 10 percent of those operating expenses.
32 As used herein, operating expenses include depreciation based on
33 cost of replacement and amortization of, and interest on,
34 indebtedness.

35 (2) No part of the net earnings of the owner inures to the benefit
36 of any private shareholder or individual.

37 (3) The property is used for the actual operation of the exempt
38 activity, and does not exceed an amount of property reasonably
39 necessary to the accomplishment of the exempt purpose.

(A) For the purposes of determining whether the property is used for the actual operation of the exempt activity, consideration shall not be given to use of the property for either or both of the following described activities if that use is occasional:

(i) The owner conducts fundraising activities on the property and the proceeds derived from those activities are not unrelated business taxable income, as defined in Section 512 of the Internal Revenue Code, of the owner and are used to further the exempt activity of the owner.

(ii) The owner permits any other organization that meets all of the requirements of this subdivision, other than ownership of the property, to conduct fundraising activities on the property and the proceeds derived from those activities are not unrelated business taxable income, as defined in Section 512 of the Internal Revenue Code, of the organization, are not subject to the tax on unrelated business taxable income that is imposed by Section 511 of the Internal Revenue Code, and are used to further the exempt activity of the organization.

(B) For purposes of subparagraph (A):

(i) “Occasional use” means use of the property on an irregular or intermittent basis by the qualifying owner or any other qualifying organization described in clause (ii) of subparagraph (A) that is incidental to the primary activities of the owner or the other organization.

(ii) “Fundraising activities” means both activities involving the direct solicitation of money or other property and the anticipated exchange of goods or services for money between the soliciting organization and the organization or person solicited.

(C) Subparagraph (A) shall have no application in determining whether paragraph (3) has been satisfied unless the owner of the property and any other organization using the property as provided in subparagraph (A) have filed with the assessor a valid organizational clearance certificate issued pursuant to Section 254.6.

(D) For the purposes of determining whether the property is used for the actual operation of the exempt activity, consideration shall not be given to the use of the property for meetings conducted by any other organization if the meetings are incidental to the other organization’s primary activities, are not fundraising meetings or activities as defined in subparagraph (B), are held no more than

1 once per week, and the other organization and its use of the
2 property meet all other requirements of paragraphs (1) to (5),
3 inclusive, of subdivision (a). The owner of the other organization
4 also shall file with the assessor a valid organizational clearance
5 certificate issued pursuant to Section 254.6.

6 ~~Nothing~~

7 (E) *Nothing* in subparagraph (A), (B), (C), or (D) shall be
8 construed to either enlarge or restrict the exemption provided for
9 in subdivision (b) of Section 4 and Section 5 of Article XIII of the
10 California Constitution and this section.

11 (4) The property is not used or operated by the owner or by any
12 other person so as to benefit any officer, trustee, director,
13 shareholder, member, employee, contributor, or bondholder of the
14 owner or operator, or any other person, through the distribution of
15 profits, payment of excessive charges or compensations, or the
16 more advantageous pursuit of their business or profession.

17 (5) The property is not used by the owner or members thereof
18 for fraternal or lodge purposes, or for social club purposes except
19 where that use is clearly incidental to a primary religious, hospital,
20 scientific, or charitable purpose.

21 (6) The property is irrevocably dedicated to religious,
22 charitable, scientific, or hospital purposes and upon the
23 liquidation, dissolution, or abandonment of the owner will not
24 inure to the benefit of any private person except a fund,
25 foundation, or corporation organized and operated for religious,
26 hospital, scientific, or charitable purposes.

27 (7) The property, if used exclusively for scientific purposes, is
28 used by a foundation or institution that, in addition to complying
29 with the foregoing requirements for the exemption of charitable
30 organizations in general, has been chartered by the Congress of the
31 United States (except that this requirement shall not apply when
32 the scientific purposes are medical research), and whose objects
33 are the encouragement or conduct of scientific investigation,
34 research, and discovery for the benefit of the community at large.

35 The exemption provided for herein shall be known as the
36 “welfare exemption.” This exemption shall be in addition to any
37 other exemption now provided by law, and the existence of the
38 exemption provision in paragraph (2) of subdivision (a) of Section
39 202 shall not preclude the exemption under this section for
40 museum or library property. Except as provided in subdivision (e),

1 this section shall not be construed to enlarge the college
2 exemption.

3 (b) Property used exclusively for school purposes of less than
4 collegiate grade and owned and operated by religious, hospital, or
5 charitable funds, foundations, or corporations, which property and
6 funds, foundations, or corporations meet all of the requirements of
7 subdivision (a), shall be deemed to be within the exemption
8 provided for in subdivision (b) of Section 4 and Section 5 of
9 Article XIII of the California Constitution and this section.

10 (c) Property used exclusively for nursery school purposes and
11 owned and operated by religious, hospital, or charitable funds,
12 foundations, or corporations, which property and funds,
13 foundations, or corporations meet all the requirements of
14 subdivision (a), shall be deemed to be within the exemption
15 provided for in subdivision (b) of Section 4 and Section 5 of
16 Article XIII of the California Constitution and this section.

17 (d) Property used exclusively for a noncommercial educational
18 FM broadcast station or an educational television station, and
19 owned and operated by religious, hospital, scientific, or charitable
20 funds, foundations, or corporations meeting all of the
21 requirements of subdivision (a), shall be deemed to be within the
22 exemption provided for in subdivision (b) of Section 4 and Section
23 5 of Article XIII of the California Constitution and this section.

24 (e) Property used exclusively for religious, charitable,
25 scientific, or hospital purposes and owned and operated by
26 religious, hospital, scientific, or charitable funds, foundations, or
27 corporations or educational institutions of collegiate grade, as
28 defined in Section 203, which property and funds, foundations,
29 corporations, or educational institutions meet all of the
30 requirements of subdivision (a), shall be deemed to be within the
31 exemption provided for in subdivision (b) of Section 4 and Section
32 5 of Article XIII of the California Constitution and this section. As
33 to educational institutions of collegiate grade, as defined in
34 Section 203, the requirements of paragraph (6) of subdivision (a)
35 shall be deemed to be met if both of the following are met:

36 (1) The property of the educational institution is irrevocably
37 dedicated in its articles of incorporation to charitable and
38 educational purposes, to religious and educational purposes, or to
39 educational purposes.



(2) The articles of incorporation of the educational institution provide for distribution of its property upon its liquidation, dissolution, or abandonment to a fund, foundation, or corporation organized and operated for religious, hospital, scientific, charitable, or educational purposes meeting the requirements for exemption provided by Section 203 or this section.

(f) Property used exclusively for housing and related facilities for elderly or handicapped families and financed by, including, but not limited to, the federal government pursuant to Section 202 of Public Law 86-372 (12 U.S.C. Sec. 1701q), as amended, Section 231 of Public Law 73-479 (12 U.S.C. Sec. 1715v), Section 236 of Public Law 90-448 (12 U.S.C. Sec. 1715z), or Section 811 of Public Law 101-625 (42 U.S.C. Sec. 8013), and owned and operated by religious, hospital, scientific, or charitable funds, foundations, or corporations meeting all of the requirements of this section shall be deemed to be within the exemption provided for in subdivision (b) of Section 4 and Section 5 of Article XIII of the California Constitution and this section.

The amendment of this paragraph made by Chapter 1102 of the Statutes of 1984 does not constitute a change in, but is declaratory of, the existing law. However, no refund of property taxes shall be required as a result of this amendment for any fiscal year prior to the fiscal year in which the amendment takes effect.

Property used exclusively for housing and related facilities for elderly or handicapped families at which supplemental care or services designed to meet the special needs of elderly or handicapped residents are not provided, or that is not financed by the federal government pursuant to Section 202 of Public Law 86-372 (12 U.S.C. Sec. 1701q), as amended, Section 231 of Public Law 73-479 (12 U.S.C. Sec. 1715v), Section 236 of Public Law 90-448 (12 U.S.C. Sec. 1715z), or Section 811 of Public Law 101-625 (42 U.S.C. Sec. 8013), shall not be entitled to exemption pursuant to this subdivision unless the property is used for housing and related facilities for low- and moderate-income elderly or handicapped families. Property that would otherwise be exempt pursuant to this subdivision, except that it includes some housing and related facilities for other than low- or moderate-income elderly or handicapped families, shall be entitled to a partial exemption. The partial exemption shall be equal to that percentage of the value of the property that is equal to the percentage that the

1 number of low- and moderate-income elderly and handicapped
2 families occupying the property represents of the total number of
3 families occupying the property.

4 As used in this subdivision, “low and moderate income” has the
5 same meaning as the term “persons and families of low or
6 moderate income” as defined by Section 50093 of the Health and
7 Safety Code.

8 (g) (1) Property used exclusively for rental housing and
9 related facilities and owned and operated by religious, hospital,
10 scientific, or charitable funds, foundations, or corporations,
11 including limited partnerships in which the managing general
12 partner is an eligible nonprofit corporation, meeting all of the
13 requirements of this section, or by veterans’ organizations, as
14 described in Section 215.1, meeting all the requirements of
15 paragraphs (1) to (7), inclusive, of subdivision (a), shall be deemed
16 to be within the exemption provided for in subdivision (b) of
17 Section 4 and Section 5 of Article XIII of the California
18 Constitution and this section and shall be entitled to a partial
19 exemption equal to that percentage of the value of the property that
20 the portion of the property serving lower income households
21 represents of the total property in any year in which either of the
22 following criteria applies:

23 (A) The acquisition, rehabilitation, development, or operation
24 of the property, or any combination of these factors, is financed
25 with tax-exempt mortgage revenue bonds or general obligation
26 bonds, or is financed by local, state, or federal loans or grants and
27 the rents of the occupants who are lower income households do not
28 exceed those prescribed by deed restrictions or regulatory
29 agreements pursuant to the terms of the financing or financial
30 assistance.

31 (B) The owner of the property is eligible for and receives
32 low-income housing tax credits pursuant to Section 42 of the
33 Internal Revenue Code of 1986, as added by Public Law 99-514.

34 (C) In the case of a claim, other than a claim with respect to
35 property owned by a limited partnership in which the managing
36 general partner is an eligible nonprofit corporation, that is filed for
37 the 2000–01 fiscal year or any fiscal year thereafter, 90 percent or
38 more of the occupants of the property are lower income
39 households whose rent does not exceed the rent prescribed by
40 Section 50053 of the Health and Safety Code. The total exemption

1 amount allowed under this subdivision to a taxpayer, with respect
2 to a single property or multiple properties for any fiscal year on the
3 sole basis of the application of this subparagraph, may not exceed
4 twenty thousand dollars (\$20,000) of tax.

5 (2) In order to be eligible for the exemption provided by this
6 subdivision, the owner of the property shall do both of the
7 following:

8 (A) (i) For any claim filed for the 2000–01 fiscal year or any
9 fiscal year thereafter, certify and ensure, subject to the limitation
10 in clause (ii), that there is an enforceable and verifiable agreement
11 with a public agency, a recorded deed restriction, or other legal
12 document that restricts the project’s usage and that provides that
13 the units designated for use by lower income households are
14 continuously available to or occupied by lower income households
15 at rents that do not exceed those prescribed by Section 50053 of
16 the Health and Safety Code, or, to the extent that the terms of
17 federal, state, or local financing or financial assistance conflicts
18 with Section 50053, rents that do not exceed those prescribed by
19 the terms of the financing or financial assistance.

20 (ii) In the case of a limited partnership in which the managing
21 general partner is an eligible nonprofit corporation, the restriction
22 and provision specified in clause (i) shall be contained in an
23 enforceable and verifiable agreement with a public agency, or in
24 a recorded deed restriction to which the limited partnership
25 certifies.

26 (B) Certify that the funds that would have been necessary to
27 pay property taxes are used to maintain the affordability of, or
28 reduce rents otherwise necessary for, the units occupied by lower
29 income households.

30 (3) As used in this subdivision, “lower income households”
31 has the same meaning as the term “lower income households” as
32 defined by Section 50079.5 of the Health and Safety Code.

33 (h) Property used exclusively for an emergency or temporary
34 shelter and related facilities for homeless persons and families and
35 owned and operated by religious, hospital, scientific, or charitable
36 funds, foundations, or corporations meeting all of the
37 requirements of this section shall be deemed to be within the
38 exemption provided for in subdivision (b) of Section 4 and Section
39 5 of Article XIII of the California Constitution and this section.
40 Property that otherwise would be exempt pursuant to this

subdivision, except that it includes housing and related facilities for other than an emergency or temporary shelter, shall be entitled to a partial exemption.

As used in this subdivision, “emergency or temporary shelter” means a facility that would be eligible for funding pursuant to Chapter 11 (commencing with Section 50800) of Part 2 of Division 31 of the Health and Safety Code.

(i) Property used exclusively for housing and related facilities for employees of religious, charitable, scientific, or hospital organizations that meet all the requirements of subdivision (a) and owned and operated by funds, foundations, or corporations that meet all the requirements of subdivision (a) shall be deemed to be within the exemption provided for in subdivision (b) of Sections 4 and 5 of Article XIII of the California Constitution and this section to the extent the residential use of the property is institutionally necessary for the operation of the organization.

(j) For purposes of this section, charitable purposes include educational purposes. For purposes of this subdivision, “educational purposes” means those educational purposes and activities for the benefit of the community as a whole or an unascertainable and indefinite portion thereof, and shall not include those educational purposes and activities that are primarily for the benefit of an organization’s shareholders. Educational activities include the study of relevant information, the dissemination of that information to interested members of the general public, and the participation of interested members of the general public.

SEC. 11.2. Section 214.01 of the Revenue and Taxation Code is amended to read:

214.01. (a) For the purpose of Section 214, property shall be deemed irrevocably dedicated to religious, charitable, scientific, or hospital purposes only if a statement of irrevocable dedication to only these purposes is found in the articles of incorporation of the corporation, or in the case of any other fund or foundation, or corporation chartered by an act of Congress, in the bylaws, articles of association, constitution, or regulations thereof, as determined by the State Board of Equalization.

(b) If, when performing the duties specified by Section 254.6, the board finds that an applicant for the welfare exemption is ineligible for an organizational clearance certificate, because at the

1 time of the filing of the claim required by Section 254.6, the
2 applicant's articles of incorporation, or in the case of any
3 noncorporate fund or foundation, its bylaws, articles of
4 association, constitution or regulations, did not comply with the
5 provisions of this section, the board shall notify the applicant in
6 writing. The applicant shall have until the next succeeding lien
7 date to amend its articles of incorporation, or in the case of any
8 noncorporate fund or foundation, its bylaws, articles of
9 association, constitution or regulations, and to file a certified copy
10 of these amendments that conform to the provisions of this section
11 with the board, and the board shall make a finding that the
12 applicant, if otherwise qualified, is eligible for an organizational
13 clearance certificate and forward that finding to the assessor.

14 SEC. 11.3. Section 214.8 of the Revenue and Taxation Code
15 is amended to read:

16 214.8. (a) Except as provided in Sections 213.7 and 231, and
17 as provided in subdivision (g) of Section 214 with respect to
18 veterans' organizations, the "welfare exemption" shall not be
19 granted to any organization unless it is qualified as an exempt
20 organization under either Section 23701d of this code or Section
21 501(c)(3) of the Internal Revenue Code. This section shall not be
22 construed to enlarge the "welfare exemption" to apply to
23 organizations qualified under Section 501(c)(3) of the Internal
24 Revenue Code of 1954 but not otherwise qualified for the "welfare
25 exemption" under other provisions of this code.

26 The exemption for veterans' organizations shall not be granted
27 to any organization unless it is qualified as an exempt organization
28 under either Section 23701f or 23701w of this code or under
29 Section 501(c)(4) or 501(c)(19) of the Internal Revenue Code.
30 This section shall not be construed to enlarge the "veterans'
31 organization exemption" to apply to organizations qualified under
32 Section 501(c)(4) or 501(c)(19) of the Internal Revenue Code but
33 not otherwise qualified for the "veterans' organization
34 exemption" under other provisions of this code.

35 (b) For purposes of subdivision (a), an organization shall not be
36 deemed to be qualified as an exempt organization unless the
37 organization files with the assessor a valid organizational
38 clearance certificate issued pursuant to Section 254.6.

39 SEC. 11.4. Section 218 of the Revenue and Taxation Code is
40 amended to read:



218. ~~The~~ (a) *The* homeowners' property tax exemption is in the amount of the assessed value of the dwelling specified in this section, as authorized by subdivision (k) of Section 3 of Article XIII of the Constitution. That exemption shall be in the amount of seven thousand dollars (\$7,000) of the full value of the dwelling.

~~The~~

(b) *The* exemption does not extend to property ~~which~~ that is rented, vacant, under construction on the lien date, or ~~which~~ that is a vacation or secondary home of the owner or owners, nor does it apply to property on which an owner receives the veteran's exemption.

(c) *For purposes of this section, all of the following apply:*

(1) "Owner" includes a person purchasing the dwelling under a contract of sale or who holds shares or membership in a cooperative housing corporation, which holding is a requisite to the exclusive right of occupancy of a dwelling. ~~As used in this section, "dwelling" shall include:~~

~~(a)~~

(2) (A) "*Dwelling*" means a building, structure, or other shelter constituting a place of abode, whether real property or personal property, and any land on which it may be situated. A two-dwelling unit shall be considered as two separate single-family dwellings.

(B) "*Dwelling*" includes the following:

(i) A single-family dwelling occupied by an owner thereof as his or her principal place of residence on the lien date.

~~(b)~~

(ii) A multiple-dwelling unit occupied by an owner thereof on the lien date as his or her principal place of residence.

~~(c)~~

(iii) A condominium occupied by an owner thereof as his or her principal place of residence on the lien date.

~~(d)~~

(iv) Premises occupied by the owner of shares or a membership interest in a cooperative housing corporation, as defined in subdivision (i) of Section 61, as his or her principal place of residence on the lien date. Each exemption allowed pursuant to this subdivision shall be deducted from the total assessed valuation of the cooperative housing corporation. The exemption shall be taken into account in apportioning property taxes among owners of share

1 or membership interests in the cooperative housing corporations
2 so as to benefit those owners who qualify for the exemption.

3 ~~“Dwelling” means a building, structure or other shelter~~
4 ~~constituting a place of abode, whether real property or personal~~
5 ~~property, and any land on which it may be situated. For purposes~~
6 ~~of this section a two-dwelling unit shall be considered as two~~
7 ~~separate single family dwellings.~~

8 ~~Any~~

9 (d) Any dwelling that qualified for an exemption under this
10 section prior to October 20, 1991, that was damaged or destroyed
11 by fire in a disaster, as declared by the Governor, occurring on or
12 after October 20, 1991, and before November 1, 1991, and that has
13 not changed ownership since October 20, 1991, shall not be
14 disqualified as a “dwelling” or be denied an exemption under this
15 section solely on the basis that the dwelling was temporarily
16 damaged or destroyed or was being reconstructed by the owner.

17 ~~The~~

18 (e) ~~The~~ exemption provided for in subdivision (k) of Section 3
19 of Article XIII of the Constitution shall first be applied to the
20 building, structure or other shelter and the excess, if any, shall be
21 applied to any land on which it may be located.

22 SEC. 12. Section 231 of the Revenue and Taxation Code is
23 amended to read:

24 231. (a) Property that is owned by a nonprofit corporation
25 and leased to, and used exclusively by, government for its interest
26 and benefit shall be exempt from taxation within the meaning of
27 “charitable purposes” in subdivision (b) of Section 4 and Section
28 5 of Article XIII of the California Constitution if:

29 (1) All of the provisions of Section 214 are complied with,
30 except paragraph (6) of subdivision (a). For purposes of paragraph
31 (6) of subdivision (a) of Section 214, irrevocable dedication to
32 charitable purpose shall be deemed to exist if the lease provides
33 that the property shall be transferred in fee to the entity of
34 government leasing the same upon the sooner of either the
35 liquidation, dissolution, or abandonment of the owner or at the
36 time the last rental payment is made under the provisions of the
37 lease.

38 (2) All of the provisions of Section 254.5 relating to owners are
39 complied with, commencing during calendar year 1969.

(3) All of the provisions of Section 214.01 are complied with by March 15, 1970.

(b) As used in this section “property” means:

(1) Any building or structure of a kind or nature which is uniquely of a governmental character and includes, but is not limited to, the following:

(A) City halls.

(B) Courthouses.

(C) Administration buildings.

(D) Police stations, jails, or detention facilities.

(E) Fire stations.

(F) Parks, playgrounds, or golf courses.

(G) Hospitals.

(H) Water systems and waste water facilities.

(I) Toll bridges.

(2) Any other property required for the use and occupation of the buildings and leased to government.

(3) Any possessory interest of the nonprofit corporation in property and in the land upon which the property was constructed and so much of the surrounding land that is required for the use and occupation of the property.

(4) Any building and its equipment in the course of construction on or after the first Monday of March, 1954, together with the land on which it is located as may be required for the use and occupation of the building when the building and equipment is being constructed for the sole purpose of being leased to government to lessen its burden.

“Uniquely of a governmental character” means the property, except hospitals, water systems, waste water facilities, golf courses, and toll bridges, is not intended to produce income or revenue in the form of rents or admission, user or service fees, or charges.

(c) As used in this section “property” does not include any possessory interest of any person or organization not exempt from taxation.

(d) As used in this section “nonprofit corporation” means a community chest, fund, foundation or corporation, not conducted for profit, and no part of the net earnings of which inures to the benefit of any private shareholder or individual and that nonprofit corporation is organized and operated for the sole purpose of

1 leasing property to government and to lessen the burden of
2 government and, in fact, only leases property to government. That
3 nonprofit corporation shall qualify as an exempt organization
4 either under Section 23701f or 23701u of this code or Section
5 501(c)(4) of the Internal Revenue Code of 1986. This subdivision
6 is not intended to enlarge the “welfare exemption” to apply to
7 organizations qualified under Section 501(c)(4) of the Internal
8 Revenue Code of 1986 but not otherwise qualified for the “welfare
9 exemption” under this section. Nonprofit corporations that meet
10 the tests of this subdivision are deemed to be organized and
11 operated for charitable purposes.

12 (e) As used in this section “government” means the State of
13 California, a city, city and county, county, public corporation, and
14 a hospital district.

15 (f) The exemption provided for in this section shall be deemed
16 to be within the “welfare exemption” for purposes of Section 251.

17 (g) For leases first entered into by and between government
18 and a nonprofit corporation on or after January 1, 1969, all
19 requirements of this section shall be met for the property and the
20 nonprofit corporation to qualify for the exemption provided by
21 this section.

22 (h) For leases first entered into by and between government
23 and a nonprofit corporation on or before December 31, 1968, all
24 requirements of this section shall be met except that the last
25 unnumbered paragraph of subdivision (b) shall not apply and for
26 the purposes of subdivision (b)(1) the list of real property
27 qualifying for this exemption includes community recreation
28 buildings or facilities, golf courses, airports, water, sewer and
29 drainage facilities, music centers and their related facilities, and
30 public parking incidental to and in connection with one of the
31 buildings or structures set forth in this section.

32 (i) Property exempt under this section shall be located within
33 the boundaries of the entity of government leasing the same.

34 (j) Where the construction has commenced on or after January
35 1, 1969, improvements shall be advertised and put to competitive
36 bid to qualify for the exemption provided by this section.

37 (k) For purposes of subdivision (d), a nonprofit corporation
38 shall not be deemed to be qualified as an exempt organization
39 unless the organization files with the assessor a valid



1 organizational clearance certificate issued pursuant to Section
2 254.6.

3 SEC. 12.1. Section 254.5 of the Revenue and Taxation Code
4 is amended to read:

5 254.5. (a) Claims for the welfare exemption and the
6 veterans' organization exemption shall be filed on or before
7 February 15 of each year with the assessor.

8 The assessor may not approve a property tax exemption claim
9 until the claimant has been issued a valid organizational clearance
10 certificate pursuant to Section 254.6. Financial statements shall be
11 submitted only if requested in writing by the assessor.

12 (b) (1) The assessor shall review all claims for the welfare
13 exemption to ascertain whether the property on which the
14 exemption is claimed meets the requirements of Section 214. In
15 this connection, the assessor shall consider, among other matters,
16 whether:

17 (A) Any capital investment of the owner or operator for
18 expansion of a physical plant is justified by the contemplated
19 return thereon, and required to serve the interests of the
20 community.

21 (B) The property on which the exemption is claimed is used for
22 the actual operation of an exempt activity and does not exceed an
23 amount of property reasonably necessary to the accomplishment
24 of the exempt purpose.

25 (2) The assessor may institute an audit or verification of the
26 operations of the owner or operator of the applicant's property to
27 ascertain whether both the owner and operator meet the
28 requirements of Section 214.

29 (c) (1) The assessor may deny a claim for the welfare
30 exemption on a property, notwithstanding that the claimant has
31 been granted an organizational clearance certificate by the board.

32 (2) If the assessor finds that the claimant's property is ineligible
33 for the welfare exemption, the assessor shall notify the claimant in
34 writing of all of the following:

35 (A) That the property is ineligible for the welfare exemption.

36 (B) That the claimant may seek a refund of property taxes paid
37 by filing a refund claim with the county.

38 (C) That if the claimant's refund claim with the county is
39 denied, the claimant may file a refund action in superior court.

(d) Notwithstanding subdivision (a), an applicant, granted a welfare exemption and owning any property exempted pursuant to Section 214.15 or Section 231, shall not be required to reapply for the welfare exemption in any subsequent year in which there has been no transfer of, or other change in title to, the exempted property and the property is used exclusively by a governmental entity or by a nonprofit corporation described in Section 214.15 for its interest and benefit. The applicant shall notify the assessor on or before February 15 if, on or before the preceding lien date, the applicant became ineligible for the welfare exemption or if, on or before that lien date, the property was no longer owned by the applicant or otherwise failed to meet all requirements for the welfare exemption.

Prior to the lien date, the assessor shall annually mail a notice to every applicant relieved of the requirement of filing an annual application by this subdivision.

The notice shall be in a form and contain that information that the board may prescribe, and shall set forth the circumstances under which the property may no longer be eligible for exemption, and advise the applicant of the duty to inform the assessor if the property is no longer eligible for exemption.

The notice shall include a card that is to be returned to the assessor by any applicant desiring to maintain eligibility for the welfare exemption under Section 214.15 or Section 231. The card shall be in the following form:

To all persons who have received a welfare exemption under Section 214.15 or Section 231 of the Revenue and Taxation Code for the ____ fiscal year.

Question: Will the property to which the exemption applies in the ____ fiscal year continue to be used exclusively by government or by an organization as described in Section 214.15 for its interest and benefit in the ____ fiscal year?

YES ____ NO ____

Signature: _____

Title: _____

Failure to return this card does not of itself constitute a waiver of exemption as called for by the California Constitution, but may result in onsite inspection to verify exempt activity.

(e) Upon any indication that a welfare exemption on the property has been incorrectly granted, the assessor shall redetermine eligibility for the exemption. If the assessor determines that the property, or any portion thereof, is no longer eligible for the exemption, he or she shall immediately cancel the exemption on so much of the property as is no longer eligible for the exemption.

(f) If a welfare exemption on the property has been incorrectly allowed, an escape assessment as provided by Article 4 (commencing with Section 531) of Chapter 3 in the amount of the exemption, with interest as provided in Section 506, shall be made, and a penalty shall be assessed for any failure to notify the assessor as required by this section in an amount equaling 10 percent of the escape assessment, but may not exceed two hundred fifty dollars (\$250).

(g) Pursuant to Section 15640 of the Government Code, the board shall review the assessor's administration of the welfare exemption as part of the board's survey of the county assessment roll to ensure the proper administration of the exemption.

SEC. 12.2. Section 254.6 is added to the Revenue and Taxation Code, to read:

254.6. (a) An organization that intends to claim the welfare exemption shall file with the State Board of Equalization a claim for an organizational clearance certificate.

(b) The board staff shall review each claim for an organizational clearance certificate to ascertain whether the organization meets the requirements of Section 214 and shall issue a certificate to a claimant that meets these requirements. In this connection, the board staff shall consider, among other matters, whether:

(1) The services and expenses of the owner or operator (including salaries) are excessive, based upon like services and salaries in comparable public or private institutions.

(2) The operations of the owner or operator, either directly or indirectly, materially enhance the private gain of any individual or individuals.

1 (c) Any claim of any organization that files for an
2 organizational clearance certificate for the first time shall be
3 accompanied by the claimant's corporate identification number,
4 mailing address, and all of the following documents:

5 (1) A certified copy of the financial statements of the
6 organization.

7 (2) A certified copy of the articles of incorporation and any
8 amendments thereto, or in the case of any noncorporate fund or
9 foundation, its bylaws, articles of association, constitution, or
10 regulations and any amendments thereto.

11 (3) A copy of a valid, unrevoked letter or ruling from either the
12 Franchise Tax Board or, in the alternative, the Internal Revenue
13 Service, that states that the organization qualifies as an exempt
14 organization under the appropriate provisions of the Bank and
15 Corporation Tax Law or the Internal Revenue Code.

16 (d) (1) If the board staff determines that a claimant is not
17 eligible for an organizational clearance certificate, the board shall
18 notify the claimant of the ineligibility.

19 (2) The claimant may file an appeal of the board staff's finding
20 of ineligibility with the board within 60 days of the date of mailing
21 of the notice of ineligibility. The appeal of the board staff's finding
22 shall be in writing and shall state the specific grounds upon which
23 the appeal is founded.

24 (3) The board shall conduct a hearing on the appeal in
25 accordance with any rules of notice, procedure, and briefing as the
26 board shall prescribe. The parties to the hearing or proceeding
27 shall be the board staff and the claimant appealing the finding of
28 ineligibility. The board staff and the claimant may agree in writing
29 to submit the matter to the board for a decision without a hearing.
30 The board shall provide written findings and conclusions or a
31 written decision to support its decision.

32 (e) (1) Once granted, an organizational clearance certificate
33 shall remain valid until the board staff determines that the
34 organization no longer meets the requirements of Section 214.

35 (2) If the board staff determines that the organization no longer
36 meets the requirements of Section 214, the board staff shall revoke
37 the certificate and notify the claimant and each county assessor of
38 the revocation.

39 (3) The organization may file an appeal of the board staff's
40 revocation with the board within 60 days of the date of mailing of

1 the notice revocation. The appeal of the revocation shall be in
2 writing and shall state the specific grounds upon which the appeal
3 is founded.

4 (4) The board shall conduct a hearing on the appeal in
5 accordance with any rules of notice, procedure, and briefing as the
6 board shall prescribe. The parties to the hearing or proceeding
7 shall be the board staff and the claimant appealing the finding of
8 ineligibility. The board staff and the claimant may agree in writing
9 to submit the matter to the board for decision without hearing. The
10 board shall provide written findings and conclusions or a written
11 decision to support its decision.

12 (f) Pursuant to Section 15618 of the Government Code, the
13 board may institute an audit or verification of an organization to
14 ascertain whether the organization meets the requirements of
15 Section 214.

16 SEC. 12.3. Section 259.5 of the Revenue and Taxation Code
17 is amended to read:

18 259.5. The claim for the welfare exemption shall show that
19 the property use requirements entitling the property to the
20 exemption are met, and that the claimant has a valid organizational
21 clearance certificate issued pursuant to Section 254.6.

22 SEC. 12.4. Section 259.7 of the Revenue and Taxation Code
23 is amended to read:

24 259.7. The claim for the veterans' organization exemption
25 shall show that the property use requirements entitling the
26 property to the exemption are met, and that the claimant has a valid
27 organizational clearance certificate issued pursuant to Section
28 254.6.

29 SEC. 12.5. Section 272 of the Revenue and Taxation Code is
30 amended to read:

31 272. Notwithstanding any other provision of law, whenever a
32 valid application for exemption on the property is filed pursuant
33 to Section 270 or 271 and the assessor grants the claim prior to the
34 completion of the roll for the year for which the exemption is
35 claimed, the assessor shall enroll the property so as to provide for
36 the amount of exemption on the property's assessed value as
37 provided by the applicable section.

38 When the application for exemption on the property or the
39 granting of the claim occurs after completion of the roll, the
40 assessor shall initiate an action to correct the roll by addition of the

1 appropriate amount of exemption on the property. Upon
2 notification by the assessor, the auditor shall make the appropriate
3 adjustment on the roll.

4 Where authorized under the provisions of this article, the tax,
5 penalty or interest thereon subject to cancellation or refund shall
6 be canceled pursuant to Article 1 (commencing with Section 4985)
7 of Chapter 4 of Part 9, as if it had been levied or charged
8 erroneously, and, if paid, a refund thereof shall be made pursuant
9 to Article 1 (commencing with Section 5096) of Chapter 5 of Part
10 9 as if it had been erroneously collected. The amount of tax,
11 penalty or interest which is not canceled or refunded under this
12 article with respect to property tax exemptions covered by this
13 article and filed late may be paid in installments as provided in
14 Chapter 3 (commencing with Section 4186) of Part 7.

15 SEC. 12.6. Section 401.9 of the Revenue and Taxation Code
16 is repealed.

17 SEC. 13. Section 423 of the Revenue and Taxation Code is
18 amended to read:

19 423. Except as provided in Sections 423.7 and 423.8, when
20 valuing enforceably restricted open-space land, other than land
21 used for the production of timber for commercial purposes, the
22 county assessor shall not consider sales data on lands, whether or
23 not enforceably restricted, but shall value these lands by the
24 capitalization of income method in the following manner:

25 (a) The annual income to be capitalized shall be determined as
26 follows:

27 (1) Where sufficient rental information is available the income
28 shall be the fair rent which can be imputed to the land being valued
29 based upon rent actually received for the land by the owner and
30 upon typical rentals received in the area for similar land in similar
31 use, where the owner pays the property tax. Any cash rent or its
32 equivalent considered in determining the fair rent of the land shall
33 be the amount for which comparable lands have been rented,
34 determined by average rents paid to owners as evidenced by
35 typical land leases in the area, giving recognition to the terms and
36 conditions of the leases and the uses permitted within the leases
37 and within the enforceable restrictions imposed.

38 (2) Where sufficient rental information is not available, the
39 income shall be that which the land being valued reasonably can
40 be expected to yield under prudent management and subject to

1 applicable provisions under which the land is enforceably
2 restricted. There shall be a rebuttable presumption that “prudent
3 management” does not include use of the land for a recreational
4 use, as defined in subdivision (n) of Section 51201 of the
5 Government Code, unless the land is actually devoted to that use.

6 (3) Notwithstanding any other provision herein, if the parties
7 to an instrument which enforceably restricts the land stipulate
8 therein an amount which constitutes the minimum annual income
9 per acre to be capitalized, then the income to be capitalized shall
10 not be less than the amount so stipulated.

11 For the purposes of this section, income shall be determined in
12 accordance with rules and regulations issued by the board and with
13 this section and shall be the difference between revenue and
14 expenditures. Revenue shall be the amount of money or money’s
15 worth, including any cash rent or its equivalent, which the land can
16 be expected to yield to an owner-operator annually on the average
17 from any use of the land permitted under the terms by which the
18 land is enforceably restricted, including, but not limited to, that
19 from the production of salt and from typical crops grown in the
20 area during a typical rotation period, as evidenced by historic
21 cropping patterns and agricultural commodities grown. When the
22 land is planted to fruit-bearing or nut-bearing trees, vines, bushes,
23 or perennial plants, the revenue shall not be less than the land
24 would be expected to yield to an owner-operator from other typical
25 crops grown in the area during a typical rotation period, as
26 evidenced by historic cropping patterns and agricultural
27 commodities grown. Proceeds from the sale of the land being
28 valued shall not be included in the revenue from the land.

29 Expenditures shall be any outlay or average annual allocation
30 of money or money’s worth that has been charged against the
31 revenue received during the period used in computing that
32 revenue. Those expenditures to be charged against revenue shall
33 be only those ~~which~~ *that* are ordinary and necessary in the
34 production and maintenance of the revenue for that period.
35 Expenditures shall not include depletion charges, debt retirement,
36 interest on funds invested in the land, interest on funds invested in
37 trees and vines valued as land as provided by Section 429, property
38 taxes, corporation income taxes, or corporation franchise taxes
39 based on income. When the income used is from operating the land
40 being valued or from operating comparable land, amounts shall be

1 excluded from the income to provide a fair return on capital
2 investment in operating assets other than the land, to amortize
3 depreciable property, and to fairly compensate the owner-operator
4 for his operating and managing services.

5 (b) The capitalization rate to be used in valuing land pursuant
6 to this article shall not be derived from sales data and shall be the
7 sum of the following components:

8 (1) An interest component, to be determined by the board and
9 announced no later than October 1 of the year preceding the
10 assessment year, which is the arithmetic mean, rounded to the
11 nearest $\frac{1}{4}$ percent, of the yield rate for long-term United States
12 government bonds, as most recently published by the Federal
13 Reserve Board as of September 1, and the corresponding yield
14 rates for those bonds, as most recently published by the Federal
15 Reserve Board as of each September 1 immediately prior to each
16 of the four immediately preceding assessment years.

17 (2) A risk component that shall be a percentage determined on
18 the basis of the location and characteristics of the land, the crops
19 to be grown thereon and the provisions of any lease or rental
20 agreement to which the land is subject.

21 (3) A component for property taxes that shall be a percentage
22 equal to the estimated total tax rate applicable to the land for the
23 assessment year times the assessment ratio. The estimated total tax
24 rate shall be the cumulative rates used to compute the state's
25 reimbursement of local governments for revenues lost on account
26 of homeowners' property tax exemptions in the tax rate area in
27 which the enforceably restricted land is situated.

28 (4) A component for amortization of any investment in
29 perennials over their estimated economic life when the total
30 income from land and perennials other than timber exceeds the
31 yield from other typical crops grown in the area.

32 (c) The value of the land shall be the quotient for the income
33 determined as provided in subdivision (a) divided by the
34 capitalization rate determined as provided in subdivision (b).

35 (d) Unless a party to an instrument which creates an
36 enforceable restriction expressly prohibits such a valuation, the
37 valuation resulting from the capitalization of income method
38 described in this section shall not exceed the lesser of either the
39 valuation that would have resulted by calculation under Section
40 110, or the valuation that would have resulted by calculation under

1 Section 110.1, as though the property was not subject to an
2 enforceable restriction in the base year.

3 In determining the 1975 base year value under Article XIII A
4 of the California Constitution for any parcel for comparison, the
5 county may charge a contractholder a fee limited to the reasonable
6 costs of the determination not to exceed twenty dollars (\$20) per
7 parcel.

8 (e) If the parties to an instrument ~~which~~ *that* creates an
9 enforceable restriction expressly so provide therein, the assessor
10 shall assess those improvements ~~which~~ *that* contribute to the
11 income of land in the manner provided herein. As used in this
12 subdivision “improvements which contribute to the income of the
13 land” shall include, but are not limited to, wells, pumps, pipelines,
14 fences, and structures which are necessary or convenient to the use
15 of the land within the enforceable restrictions imposed.

16 SEC. 14. Section 439.2 of the Revenue and Taxation Code is
17 amended to read:

18 439.2. When valuing enforceably restricted historical
19 property, the county assessor shall not consider sales data on
20 similar property, whether or not enforceably restricted, and shall
21 value that restricted historical property by the capitalization of
22 income method in the following manner:

23 (a) The annual income to be capitalized shall be determined as
24 follows:

25 (1) Where sufficient rental information is available, the income
26 shall be the fair rent that can be imputed to the restricted historical
27 property being valued based upon rent actually received for the
28 property by the owner and upon typical rentals received in the area
29 for similar property in similar use where the owner pays the
30 property tax. When the restricted historical property being valued
31 is actually encumbered by a lease, any cash rent or its equivalent
32 considered in determining the fair rent of the property shall be the
33 amount for which the property would be expected to rent were the
34 rental payment to be renegotiated in the light of current conditions,
35 including applicable provisions under which the property is
36 enforceably restricted.

37 (2) Where sufficient rental information is not available, the
38 income shall be that which the restricted historical property being
39 valued reasonably can be expected to yield under prudent

1 management and subject to applicable provisions under which the
2 property is enforceably restricted.

3 (3) If the parties to an instrument that enforceably restricts the
4 property stipulate therein an amount that constitutes the minimum
5 annual income to be capitalized, then the income to be capitalized
6 shall not be less than the amount so stipulated.

7 For purposes of this section, income shall be determined in
8 accordance with rules and regulations issued by the board and with
9 this section and shall be the difference between revenue and
10 expenditures. Revenue shall be the amount of money or money's
11 worth, including any cash rent or its equivalent, that the property
12 can be expected to yield to an owner-operator annually on the
13 average from any use of the property permitted under the terms by
14 which the property is enforceably restricted.

15 Expenditures shall be any outlay or average annual allocation
16 of money or money's worth that can be fairly charged against the
17 revenue expected to be received during the period used in
18 computing the revenue. Those expenditures to be charged against
19 revenue shall be only those ~~which~~ *that* are ordinary and necessary
20 in the production and maintenance of the revenue for that period.
21 Expenditures shall not include depletion charges, debt retirement,
22 interest on funds invested in the property, property taxes,
23 corporation income taxes, or corporation franchise taxes based on
24 income.

25 (b) The capitalization rate to be used in valuing
26 owner-occupied single family dwellings pursuant to this article
27 shall not be derived from sales data and shall be the sum of the
28 following components:

29 (1) An interest component to be determined by the board and
30 announced no later than October 1 of the year preceding the
31 assessment year and that was the yield rate equal to the effective
32 rate on conventional mortgages as most recently published by the
33 Federal Housing Finance Board as of September 1, rounded to the
34 nearest one-fourth of 1 percent.

35 (2) A historical property risk component of 4 percent.

36 (3) A component for property taxes that shall be a percentage
37 equal to the estimated total tax rate applicable to the property for
38 the assessment year times the assessment ratio.



1 (4) A component for amortization of the improvements that
2 shall be a percentage equivalent to the reciprocal of the remaining
3 life.

4 (c) The capitalization rate to be used in valuing all other
5 restricted historical property pursuant to this article shall not be
6 derived from sales data and shall be the sum of the following
7 components:

8 (1) An interest component to be determined by the board and
9 announced no later than October 1 of the year preceding the
10 assessment year and that was the yield rate equal to the effective
11 rate on conventional mortgages as determined by the Federal
12 Housing Finance Board as of September 1, rounded to the nearest
13 one-fourth of 1 percent.

14 (2) A historical property risk component of 2 percent.

15 (3) A component for property taxes that shall be a percentage
16 equal to the estimated total tax rate applicable to the property for
17 the assessment year times the assessment ratio.

18 (4) A component for amortization of the improvements that
19 shall be a percentage equivalent to the reciprocal of the remaining
20 life.

21 (d) Unless a party to an instrument that creates an enforceable
22 restriction expressly prohibits the valuation, the valuation
23 resulting from the capitalization of income method described in
24 this section shall not exceed the lesser of either the valuation that
25 would have resulted by calculation under Section 110, or the
26 valuation that would have resulted by calculation under Section
27 110.1, as though the property was not subject to an enforceable
28 restriction in the base year.

29 (e) The value of the restricted historical property shall be the
30 quotient of the income determined as provided in subdivision (a)
31 divided by the capitalization rate determined as provided in
32 subdivision (b) or (c).

33 (f) The ratio prescribed in Section 401 shall be applied to the
34 value of the property determined in subdivision (d) to obtain its
35 assessed value.

36 SEC. 15. Section 532 of the Revenue and Taxation Code is
37 amended to read:

38 532. (a) Except as provided in subdivision (b), any
39 assessment made pursuant to either Article 3 (commencing with
40 Section 501) or this article shall be made within four years after

1 July 1 of the assessment year in which the property escaped
2 taxation or was underassessed.

3 (b) (1) Any assessment to which the penalty provided for in
4 Section 504 must be added shall be made within eight years after
5 July 1 of the assessment year in which the property escaped
6 taxation or was underassessed.

7 (2) Any assessment resulting from an unrecorded change in
8 ownership for which either a change in ownership statement, as
9 required by Section 480 or a preliminary change in ownership
10 report, as required by Section 480.3, is not timely filed with respect
11 to the event giving rise to the escape assessment or
12 underassessment shall be made within eight years after July 1 of
13 the assessment year in which the property escaped taxation or was
14 underassessed. For purposes of this paragraph, an “unrecorded
15 change in ownership” means a deed or other document evidencing
16 a change in ownership that was not filed with the county recorder’s
17 office at the time the event took place.

18 (3) Notwithstanding paragraphs (1) and (2), in the case where
19 property has escaped taxation, in whole or in part, or has been
20 underassessed, following a change in ownership or change in
21 control and either the penalty provided for in Section 503 must be
22 added or a change in ownership statement, as required by Section
23 480.1 or 480.2 was not filed with respect to the event giving rise
24 to the escape assessment or underassessment, an escape
25 assessment shall be made for each year in which the property
26 escaped taxation or was underassessed.

27 (c) For purposes of this section, “assessment year” means the
28 period defined in Section 118.

29 SEC. 16. Section 534 of the Revenue and Taxation Code is
30 amended to read:

31 534. (a) Assessments made pursuant to Article 3
32 (commencing with Section 501) or this article shall be treated like,
33 and taxed at the same rate applicable to, property regularly
34 assessed on the roll on which it is entered, unless the assessment
35 relates to a prior year and then the tax rate of the prior year shall
36 be applied, except that the tax rate for years prior to the 1981–82
37 fiscal year shall be divided by four.

38 (b) No assessment described in subdivision (a) shall be
39 effective for any purpose, including its review, equalization and
40 adjustment by the Board of Equalization, until the assessee has

1 been notified thereof personally or by United States mail at his or
2 her address as contained in the official records of the county
3 assessor. For purposes of Section 532, the assessment shall be
4 deemed made on the date on which it is entered on the roll pursuant
5 to Section 533, if the assessee is notified of the assessment within
6 60 days after the statute of limitations or the placing of the escape
7 assessment on the assessment roll. Otherwise the assessment shall
8 be deemed made only on the date the assessee is so notified.

9 (c) The notice given by the assessor pursuant to this section
10 shall include all of the following:

11 (1) The date the notice was mailed.

12 (2) Information regarding the assessee's right to an informal
13 review and the right to appeal the assessment, and except in a case
14 in which paragraph (3) applies, that the appeal shall be filed within
15 60 days of the date of mailing printed on the notice or the
16 postmarked date therefor, whichever is later. For the purposes of
17 equalization proceedings, the assessment shall be considered an
18 assessment made outside of the regular assessment period as
19 provided in Section 1605.

20 (3) For counties in which the board of supervisors has adopted
21 a resolution in accordance with subdivision (c) of Section 1605,
22 and the County of Los Angeles, the notice shall advise the assessee
23 of the right to appeal the assessment, and that the appeal shall be
24 filed within 60 days of the date of mailing printed on the tax bill
25 or the postmark therefor, whichever is later. For the purposes of
26 equalization proceedings, the assessment shall be considered an
27 assessment made outside of the regular assessment period as
28 provided in Section 1605.

29 (4) A description of the requirements, procedures, and
30 deadlines with respect to an application for the reduction of an
31 assessment pursuant to Section 1605.

32 (d) (1) The notice given by the assessor under this section shall
33 be on a form approved by the board.

34 (2) Giving of the notice required by Section 531.8 shall not
35 satisfy the requirements of this section.

36 SEC. 17. Section 1609.5 of the Revenue and Taxation Code
37 is amended to read:

38 1609.5. (a) Whenever an employee of the board is desired as
39 a witness before a county board in a hearing on an application for
40 reduction, a subpoena requiring his or her attendance may be

1 served by delivering a copy either to the employee personally or
2 to the executive director of the board at his or her office in
3 Sacramento.

4 (b) The employee shall attend as a witness as required by the
5 subpoena, regardless of the distance to be traveled, provided that
6 the subpoena is accompanied by fees payable to the State Board of
7 Equalization in the amount of two hundred dollars (\$200) per day
8 for each day that the employee is required to remain in attendance
9 pursuant to the subpoena. These fees are to be paid by the party
10 requesting the subpoena.

11 (c) The employee shall receive the salary or other
12 compensation to which he or she is normally entitled during the
13 time that he or she travels to and from the place where the hearing
14 is conducted and while he or she is required to remain at that place
15 pursuant to the subpoena. He or she shall also receive usual and
16 customary travel expenses and per diem. If the actual expenses
17 should later prove to be less than the amount paid by the party, the
18 excess shall be refunded by the board.

19 (d) If the employee is subpoenaed at the request of the applicant
20 and the county board grants a reduction in the assessment, the
21 county board may reimburse the applicant in whole or in part for
22 the actual witness fees paid pursuant to this section.

23 (e) Any person who pays or offers to pay any money or other
24 form of consideration for the services of any employee of the board
25 required to appear as a witness, other than the compensation
26 provided in this section, is guilty of a misdemeanor, and any
27 employee who receives this payment is guilty of a misdemeanor.

28 SEC. 18. Section 1841 of the Revenue and Taxation Code is
29 amended to read:

30 1841. When the review, equalization, and adjustment are
31 completed, the executive director of the board shall transmit to the
32 auditor and the governing body of the taxing agency whose
33 assessment is questioned, and to the applicant a notice of the action
34 of the board with respect to the assessment. The notice is prima
35 facie evidence of the regularity of all proceedings of the board
36 resulting in the action ~~which~~ *that* is the subject matter of the notice.
37 Upon receipt of the notice the auditor shall enter upon the local roll
38 any change in the assessment resulting from the action of the
39 board.

1 SEC. 19. Section 5098 of the Revenue and Taxation Code is
2 repealed.

3 SEC. 20. Section 5098.5 of the Revenue and Taxation Code
4 is repealed.

5 SEC. 21. *Section 6066.3 of the Revenue and Taxation Code is*
6 *amended to read:*

7 6066.3. (a) A city, county, or city and county may collect
8 information from persons desiring to engage in business in that
9 jurisdiction for the purposes of selling tangible personal property
10 under this part and shall transmit that information to the board. The
11 information shall be provided to the board in a format to be
12 determined by the board after consulting with the League of
13 California Cities and the California State Association of Counties.

14 (b) The information submitted to the board under subdivision
15 (a) shall serve as all of the following:

16 (1) The preliminary application for a seller's permit.

17 (2) Notification to the board by the city, county, or city and
18 county of a person desiring to engage in the business of selling of
19 tangible personal property in that jurisdiction.

20 (3) Notice to the board for purposes of redistribution under
21 Section 7209.

22 (c) The board shall issue a determination regarding issuance of
23 a seller's permit and receipt of notification for purposes of
24 paragraphs (2) and (3) of subdivision (b). The board shall provide
25 a copy of that determination and receipt of notification to the city,
26 county, or city and county from which the board has received
27 information under subdivision (a). The board shall make its
28 determination as follows:

29 (1) For persons for whom a determination can be made based
30 on the information submitted, the determination shall be issued
31 within 30 days of receipt of the information.

32 (2) For persons for whom additional information is required
33 before a determination can be made, the determination shall be
34 issued within 120 days of receipt of the information.

35 (d) The board shall, after consulting with the League of
36 California Cities and the California State Association of Counties,
37 adopt standardized data addressing and naming conventions that
38 are compatible with local jurisdiction conventions for new
39 registrants and, to the extent possible, for current accounts.

(e) A city, county, or city and county may not charge applicants a fee for collecting and transmitting information pursuant to this section.

~~(f) This section shall remain in effect only until January 1, 2004, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2004, deletes or extends that date.~~

SEC. 21.1. Section 6066.4 of the Revenue and Taxation Code is amended to read:

6066.4. (a) A city, county, or city and county may require each person desiring to engage in business in that jurisdiction for the purposes of selling tangible personal property to provide his or her seller's permit account number, if any.

~~(b) This section shall remain in effect only until January 1, 2004, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2004, deletes or extends that date.~~

SEC. 21.3. Section 11006 of the Revenue and Taxation Code is amended to read:

11006. (a) Commencing on December 31, 2001, the Controller, in consultation with the Department of Motor Vehicles and the Department of Finance, shall recalculate the distribution of the amount of motor vehicle license fees paid by commercial vehicles that are subject to Section 9400.1 of the Vehicle Code and transfer those sums from the General Fund as follows in the following order:

(1) An amount sufficient to cover all allocations and interception of funds associated with all pledges, liens, encumbrances and priorities as set forth in Section 25350.6 of the Government Code, which shall be transferred so as to pay that allocation.

(2) An amount sufficient to continue allocations to the State Treasury to the credit of the Vehicle License Fee Account of the Local Revenue Fund, as established pursuant to Section 17600 of the Welfare and Institutions Code, which would be in the same amount had the amendments made *by the act that added this section* to Section 10752 of the Revenue and Taxation Code ~~made by the act that added this section~~ had not been enacted, which shall be deposited in the State Treasury to the credit of the Vehicle License Fee Account ~~Local Revenue Fund~~ of the Local Revenue Fund, as established pursuant to Section 17600 of the Welfare and Institutions Code.

(3) An amount sufficient to continue allocations to the State Treasury to the credit of the Vehicle License Fee Growth Account of the Local Revenue Fund, as established pursuant to Section ~~17604~~ 17600 of the Welfare and Institutions Code, which would be in the same amount had the amendments made *by the act that added this section* to Section 10752 of the Revenue and Taxation Code ~~made by the act that added this section~~ had not been enacted, which shall be deposited in the State Treasury to the credit of the Vehicle License Fee Growth Account of the Local Revenue Fund, as established pursuant to Section ~~17604~~ 17600 of the Welfare and Institutions Code.

(4) An amount sufficient to cover all allocations and interception of funds associated with all pledges, liens, encumbrances and priorities, other than those referred to in paragraph (1), as set forth in Section 25350 and following of, Section 53584 and following of, 5450 and following of, the Government Code, which shall be transferred so as to pay those allocations.

(b) The balance of any funds not otherwise allocated pursuant to subdivision (a) shall continue to be deposited to the credit of the Motor Vehicle License Fee Account in the Transportation Tax Fund and allocated to each city, county, and city and county as otherwise provided by law.

(c) In enacting paragraphs (1) and (4) of subdivision (a), the Legislature declares that paragraphs (1) and (4) of subdivision (a), shall not be construed to obligate the State of California to make any payment to a city, city and county, or county from the Motor Vehicle License Fee Account in the Transportation Tax Fund in any amount or pursuant to any particular allocation formula, or to make any other payment to a city, city and county, or county, including, but not limited to, any payment in satisfaction of any debt or liability incurred or so guaranteed if the State of California had not so bound itself prior to the enactment of this section.

~~SEC. 21.5. — Notwithstanding Section 2229 of the Revenue and Taxation Code, no appropriation is made by this act and the state shall not reimburse any local agency for any property tax revenues lost by it pursuant to this act.~~

SEC. 22. Notwithstanding Section 17610 of the Government Code, if the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local

1 agencies and school districts for those costs shall be made pursuant
2 to Part 7 (commencing with Section 17500) of Division 4 of Title
3 2 of the Government Code. If the statewide cost of the claim for
4 reimbursement does not exceed one million dollars (\$1,000,000),
5 reimbursement shall be made from the State Mandates Claims
6 Fund.

